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VOL. 3

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U.S. Department of Agriculture

1964 BUDGET

EXPLANATORY NOTES

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OFFICE OF RURAL AREAS DEVELOPMENT

Purpose Statement

Rural areas development program activities are carried out by the Office of Rural Areas Development which was established by the Secretary of Agriculture's Memorandum 1448 of June 16, 1961. The responsibilities of the office are to: (1) Provide leadership and initiative in the formulation of plans for carrying out rural development programs of the Department of Agriculture; (2) Coordinate and expedite the application of resources of Department agencies in assisting State, local, private, community, and farm organizations and individuals working for the improvement of economic conditions in rural areas; (3) Maintain liaison with appropriate Departments and agencies of the Executive Branch and with officials of public and private organizations to assure coordinated effort in utilization of available resources in support of the rural areas development program. The office also coordinates work conducted by USDA agencies under the Area Redevelopment Act and the Accelerated Public Works program, acts as liaison between USDA agencies and other Federal agencies. It also advises State and local Governments in establishing projects under these programs.

On November 30, 1962, employment in the Office of Rural Areas Development consisted of 19 employees, all of whom were in Washington. This includes employees paid from funds transferred from the Area Redevelopment Administration, Department of Commerce.

	<u>Estimated Available, 1963</u>	<u>Budget Estimate, 1964</u>
Appropriation	\$88,000	\$134,000

Proposed Transfer in 1964 Estimates

The budget estimates for fiscal year 1964 provide for a direct appropriation to the Office of Rural Areas Development. In fiscal year 1963 this activity was financed under the appropriation "Salaries and Expenses, General Administration."

Inasmuch as the activities carried out by this Office are of major significance to the Department's rural areas development program, a separate appropriation item is recommended.

Revision of Activity Title in 1964 Estimates

Activities in the
1963 Budget

Activities in the
1964 Estimates

Rural areas development
(No appropriation item in 1963,
carried as an activity under
the appropriation "Salaries
and Expenses", General
Administration")

Program coordination and direction

The proposed activity title would more precisely describe the work of the Office of Rural Areas Development.

Salaries and Expenses

Appropriation Act, 1963	- -
Activities transferred in 1964 estimates from "Salaries and Expenses", General Administration, for coordination of Rural Areas Development Program (Includes \$3,000 for increased pay costs)	\$88,000
Base for 1964	88,000
Budget estimate, 1964	134,000
Increase	<u>46,000</u>

SUMMARY OF INCREASES, 1964

For strengthening the coordination and administration of the Department's Rural Areas Development Program	42,780
For pay act costs pursuant to Public Law 87-793	3,220

PROJECT STATEMENT

	:	:	: <u>Increase</u> :					
	:	:	: Increased :					
Project	:	1962:	: Pay Costs :					
	:	1963	:	(P.L.	:	Other	:	1964
	:	(estimated)	:	87-793)	:		:	(estimated)
1. Program coordination	:	:	:	:	:	:	:	:
and direction	:	--	:	\$88,000	:	4 \$3,220	:	4 \$42,780(1): \$134,000
Total pay act costs (P.L.	:	:	:	:	:	:	:	:
87-793)	:	--	:	(3,000)	:	(3,220)	:	(4 2,780) : (9,000)
Total available or esti-	:	:	:	:	:	:	:	:
mate	:	--	:	88,000	:	4 3,220(2): 4 42,780	:	134,000
Transferred in the 1964	:	:	:	:	:	:	:	:
estimates from "Salaries	:	:	:	:	:	:	:	:
and expenses", General	:	:	:	:	:	:	:	:
Administration	:	--	:	-88,000	:	:	:	:
Total appropriation or	:	:	:	:	:	:	:	:
estimate	:	--	:	--	:	:	:	:

INCREASES

The increase of \$46,000 for 1964 is composed of:

(1) An increase of \$42,780 to provide for strengthening the coordination and administration of the Department's Rural Areas Development Program.

Need for Increase: The increase is necessary to bring coordination involved in the Rural Areas Development program to a level which will produce an effective, well rounded and properly formed joint economic development effort by the several agencies of the Department of Agriculture. The Rural Areas Development program is expanding rapidly. This program involves industrialization, community facilities or natural resources development. Additional coordination and liaison must be provided to the Secretary's Office in the fields of labor and public welfare. Special attention must be given to the economic problems of the very low-income

groups. Liaison must be provided in the manpower development and training program in order that rural unemployed and underemployed may have the opportunity to share in its benefits.

It is necessary for the Department's Rural Areas Development program to provide greater stimulation of enterprise in, and allocation of rural resources to, the following fields:

1. More rapid rural industrialization through encouragement and financing of private enterprise, through cooperative efforts, and by a judicious effort at location of public sector investments and procurement contracts.
2. Expanded facilities for outdoor recreation and tourism.
3. Improvement and expansion of supporting and facilitating community and public facilities such as better general and vocational schools and adult retraining and rehabilitation, watershed protection and flood control projects, water and sewer facilities, public utilities, expanded research, public assistance and other social security, more active employment service, health services, civilian defense installations, decentralization and relocation of Government installations, and water pollution control.
4. More nearly adequate level of public resources and power development and management.
5. Improved rural housing.
6. Rehabilitation-in-place and retirement of farm operators, who because of age or physical or other handicaps are unable to shift to more promising farm or non-farm occupation.
7. Increased number and vigor of secondary and tertiary commercial trade and service enterprises such as plumbing, construction and repairs, filling stations, restaurants, motels, cleaning and pressing concerns, TV repairs, newspapers, and retail grocery and clothing stores.

Plan of Work. Department of Agriculture activities in 1964 will consist of both a broadening of the coverage of the program and the attainment of greater depth in economic planning through a coordinated emphasis by all Department agencies in this effort.

The Department must intensify its organizational and educational leadership for the orderly development and effective utilization of local initiative in rural development areas. As of November 30, 1962, two-thirds of the states had development committees, and committees are being organized in the remaining states. Active USDA assistance is necessary to aid these committees in directing their attention toward effective rural development programs. Many local development committees need assistance in order that all areas may be fully considered. Personnel of the Federal and State Extension Service, the Farmers Home

Administration, and other Federal agencies with field organizations will be furnished additional assistance in helping local groups to analyze existing problems, evaluate the human resources of the area, and appraise the potential for economic development.

The foregoing rural development program will be conducted in a way to effectively utilize resources available under the Area Redevelopment Act, Public Law 87-27, for work in designated areas. Pursuant to this Act the Department cooperates with the Area Redevelopment Administration by providing special assistance in about 800 counties designated by ARA because of economically distressed conditions in the areas. ARA provides funds for this work. In contrast, the Department's rural areas development program provides for an integrated approach by all Department agencies to assistance needed for the balanced development of all rural communities across the Nation..

(2) An increase of \$3,220 for pay costs pursuant to P.L. 87-793 consisting of \$1,215 to provide for full year costs of the first step of the pay increase and \$2,005 for fiscal year 1964 costs of the additional increase effective January 5, 1964.

(An overall explanation of increases for pay act costs is included in the Preface to these Explanatory Notes in Volume I.)

STATUS OF PROGRAM

The Office of Rural Areas Development is responsible for general staff coordination of the Rural Areas Development Program for the purpose of assuring effective participation by all Department agencies in the total rural development effort. These activities include programs of credit, technical assistance, and cost sharing to individual farm families, businesses, cooperatives, and local and state government units and their instrumentalities for the planning and the carrying out of activities to promote enterprise stimulation and natural resources development and conservation.

Under the general direction and supervision of the Assistant Secretary for Rural Development and Conservation, the Office of Rural Areas Development is responsible for the following specific functions:

- (1) Provide leadership and initiative in the formulation of current and long range policies and plans for carrying out the rural areas development programs of the Department of Agriculture.
- (2) Coordinate and expedite the application of resources of Department agencies in assisting state, local, private, community and farm organizations and individuals working for the improvement of rural areas.
- (3) Conduct continuous study to: (a) Determine how programs of the Department can be brought to bear on the particular problems in areas engaged in rural development; (b) assure that program agencies are giving effective technical assistance to private groups and local and state governments in formulating a comprehensive development program, and are making their full resources available in supporting project plans for each area; and (c) assure full coordination with other departments and independent agencies of the Executive Branch.
- (4) Maintain continuous liaison with appropriate departments and agencies of the Executive Branch and with officials of public and private organizations to assure coordination of effort and utilization of all available resources in support of overall economic development in rural areas.
- (5) Provide Secretariat for the Rural Areas Development Board and for the Public Advisory Committee on Rural Areas Development.
- (6) Prepare and publish current reports on local achievement and progress in formulating and implementing rural development programs. Maintain, with the assistance of participating agencies, records from which necessary reports can be made to the Secretary and Congress.

During the past year Federal aid available for this purpose has been augmented and improved by six actions:

1. Expansion of the rural areas development program of the Department of Agriculture to a nationwide operation.

2. A Presidential directive to coordinate and step up application of the programs of all departments of the Executive Branch to the problem of area redevelopment.
3. Enactment of the Agricultural Act of 1962, which provides through Title I and IV for loan and other stimuli to promote outdoor recreation enterprises, improvement of grasslands and woodlands, and planning and other assistance to local organizations engaged in "rural renewal".
4. Enactment of the Area Redevelopment Act.
5. Passage of the Manpower Development and Training Act.
6. Enactment of the Accelerated Public Works Act.

The activities of the Department of Agriculture in carrying out the rural areas development program are directed toward establishing a firm foundation of permanent prosperity with a desirable rate of economic growth throughout the country-side, towns and small cities of rural America. The purpose is to stimulate economic private enterprise by generating entirely new and more productive employment opportunities through provision of Federal financial and technical services to implement locally formulated plans, programs, and projects for economic development in rural areas.

The six field representatives of the Office are headquartered in Washington but assigned responsibility in specific geographic areas. Responsibility of the field representatives is to work with Federal, State, and local officials, representatives, and interested individuals in stimulating and expediting the development and implementation of economic rural areas development work by local leaders.

Selected examples of recent progress. The following are typical illustrations of recent progress reported in the rural areas development program (other than in areas designated by the Area Redevelopment Administration):

1. Local RAD Technical Action Panels have helped in arranging a number of Farmers Home Administration loans to local associations for group facilities. For example, a recent \$490,500 soil and water association loan was made by the Farmers Home Administration to the Rapid Valley Water Service Company, Pennington County, South Dakota. Members of the local community, with aid from the local community and with help from the Farmers Home Administration, did the planning and formed the nonprofit organizing body for securing the loan. Funds for the loan came from South Dakota through the Teachers Retirement System.
2. Technical assistance to local groups has been provided by the Office of Rural Areas Development, such as in the establishment of a nursing home in Payne County, Oklahoma, using a Small Business Administration Section 502 loan.
3. The Oconto Grange Hunting Plan is a hunter hospitality program embracing all of Custer County, Nebraska. The merits of the

plan are two-fold: It improves the image of the state to non-residents, while creating a new source of financial support to the community.

Thirteen gameland offices have been established in the county--privately financed--each with a list of people who desire to keep hunters and provide them with lodging, meals, and hunting privileges. On opening day of the 1962 pheasant season all lodgings and facilities were filled. Inquiries have come from 25 states.

The Custer RAD committee is convinced there is great potential in recreational promotion for their state. By utilizing an existing resource, like the pheasant crop, the capital expenditure for such a venture is very small. The area's residents benefit just by being friendly and making strangers feel welcome.

4. RAD committees cooperate with many Federal, State and local agencies in the promotion of projects. The following examples indicate assistance of Rural Electrification Administration to find credit for locally sponsored enterprises:

<u>Location</u>	<u>Project</u>
Barron County, Wisconsin	New drill bit manufacturer
Amherst, Amherst County, Virginia	Expansion of gravel crushing and quarrying company
Columbia Crossroads, Bradford County, Pennsylvania	Expansion of local leather manufacturer (resulted in contract with U.S. Postal Department for production of mail bags)
Carthage, North Carolina	New knitting mill

These and many other similar projects are being initiated under local sponsorship and with private credit. In some cases loans are arranged through the Small Business Administration or in appropriate cases Farmers Home Administration loans may be made for a farm recreational development or housing for elderly rural residents. About 3,000 projects are in the planning stage, some 1,000 are being implemented, and over 200 have been completed. These projects are giving new vigor to many rural areas and will be an important factor in restoring them to wealth producing areas for the states.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1962, were actually received or programmed for 1963 and 1964. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	: : Obligations, : 1962	: Estimated : Obligations, : 1963	: Estimated : Obligations, : 1964
Allocations and Working Funds	:	:	:
(Advances from other agencies):	:	:	:
Consolidated Working Fund, General,	:	:	:
<u>Agriculture - For carrying out</u>	:	:	:
<u>responsibilities and authorities</u>	:	:	:
<u>delegated under the Area</u>	:	:	:
Redevelopment Program	\$267,164:	\$334,545:	\$346,890
Public Works Acceleration, Department	:	:	:
<u>of Commerce - For coordination activ-</u>	:	:	:
<u>ities under the accelerated public</u>	:	:	:
<u>works program</u>	- - :	9,500:	- -
TOTAL, OBLIGATIONS UNDER ALLOTMENTS	:	:	:
AND OTHER FUNDS	267,164:	344,045:	346,890

OFFICE OF THE GENERAL COUNSEL

Purpose Statement

The Office of the General Counsel, prior to 1955 known as the Office of the Solicitor, was established in 1910 (5 U.S.C. 518) as the law office of the Department of Agriculture.

The General Counsel, as chief law officer of the Department, is responsible for providing legal services for all programs, operations, and activities of the Department. He is assisted by a Deputy General Counsel and three Assistant General Counsels, each of whom is responsible for a portion of the legal work of the Department.

The field offices handle legal work relating to the activities in the field of the Agricultural Stabilization and Conservation Service, Commodity Credit Corporation, Farmers Home Administration, Federal Crop Insurance Corporation, Forest Service, and Soil Conservation Service, and the Agricultural Stabilization and Conservation Committees. By special assignment of the General Counsel, Deputy General Counsel, or by an Assistant General Counsel, legal work relating to other programs and activities of the Department may be handled by a field office.

Legal Advice - The Office of the General Counsel issues both formal and informal opinions on legal questions arising in the administration of the Department's programs; prepares or reviews administrative rules and regulations applicable to the public; drafts proposed legislation; prepares or interprets contracts, mortgages, leases, deeds, and similar documents; prosecutes patent applications arising out of inventions by Department employees; examines title to lands to be acquired by the Department or accepted as security for loans; and passes upon claims by and against the United States arising out of the Department's activities.

Administrative Proceedings - In administrative proceedings for the promulgation of rules having the force and effect of law and in quasi-judicial hearings held in connection with the administration of various programs, the Department is represented by the General Counsel.

Civil Litigation - Civil litigation arising out of the Department's work is handled by the Department of Justice, with the Office of the General Counsel assisting in the preparation and trial of such cases, except that the General Counsel represents the Secretary in administrative proceedings involving freight rates on farm commodities and in appeals from the decisions of the Commission to the courts and, by special assignment, the Assistant General Counsel for Litigation represents the Department in certain classes of cases before the United States Courts of Appeals.

Criminal Litigation - Cases having criminal aspects are reviewed for the purpose of referring them to the Department of Justice.

On November 30, 1962, there were 394 employees on the rolls of the General Counsel's Office; 243 in Washington and 151 in the field service.

	Estimated Available, 1963	Budget Estimate, 1964
Appropriation	\$3,863,000	\$3,987,000

Salaries and Expenses

Appropriation Act, 1963	\$3,695,000
Proposed transfer, 1963, for increased pay costs	<u>168,000</u>
Base for 1964	3,863,000
Budget Estimate, 1964	<u>3,987,000</u>
Increase	<u>+124,000</u>

SUMMARY OF INCREASES AND DECREASES, 1964

Reduction to reflect estimated savings due to the installation of a centralized data processing operation (MODE) for personnel and payroll data	-4,000
For pay act costs pursuant to Public Law 87-793	<u>+128,000</u>
Net increase	<u>+124,000</u>

PROJECT STATEMENT

Project	1962	1963 (estimated)	Increases and Decreases		1964 (estimated)
			Increased	Other	
			Pay Costs (P.L. 87-793)		
1. Credit, conservation research and staff legal services	\$2,038,431	\$2,079,643	+\$69,049	-\$2,000	\$2,146,692
2. Commodity credit and production adjustment programs	899,402	956,184	+31,487	-1,000	986,671
3. Marketing and regulatory laws	684,513	827,173	+27,464	-1,000	853,637
Subtotal a/	3,622,346	3,863,000	+128,000	-4,000(1)	3,987,000
Unobligated balance	26,759	- -	- -	- -	- -
Total increased pay costs (P.L. 87-793)	(- -)	(168,000)	+(128,000)	(- -)	(296,000)
Total available or estimate	3,649,105	b/3,863,000	+128,000(2)	-4,000	3,987,000
Transfer to "Operating Expenses, Public Buildings Service, General Services Administration" ..	+895	- -			
Transferred from "Reimbursement to Commodity Credit Corporation for costs of special milk program" for increased pay costs	- -	-168,000			
Total appropriation or estimate	3,650,000	3,695,000			

- a/ Represents obligations. Applied costs for 1962 are \$3,626,553. The difference of \$4,207 reflects, primarily, the excess of contractual services and equipment ordered in 1962 over equipment received and services performed in that year.
- b/ Includes \$1,800 estimated to be transferred to "Salaries and expenses, General Administration" during fiscal year 1963 for the Office of the Inspector General.

INCREASES AND DECREASES

(1) A reduction of \$4,000 to reflect estimated savings due to the installation of a centralized data processing operation (MODE) for payroll and personnel data. An explanation of this reduction is included in the Preface to these Explanatory Notes. This reduction is distributed between activities as follows:

Credit, conservation, research and staff legal services ..	-\$2,000
Commodity credit and production adjustment programs	-1,000
Marketing and regulatory laws	<u>-1,000</u>
Total decrease	<u><u>-4,000</u></u>

(2) An increase of \$128,000 for pay costs pursuant to P.L. 87-793 consisting of \$42,523 to provide for full year costs of the first step of the pay increase pursuant to P.L. 87-793 and \$85,477 for fiscal year 1964 costs of the additional increase effective January 5, 1964. (An overall explanation of increases for pay act costs is included in the Preface to these Explanatory Notes in Volume 1.)

STATUS OF PROGRAM

The Office of the General Counsel provides, through its Washington office and nineteen field locations, the legal services required in connection with the operations of the Department of Agriculture. These functions relate primarily to the rendering of legal opinions, assistance in drafting of proposed legislation and Department and agency regulations, representation in administrative proceedings, examination of titles to lands to be acquired or accepted as loan security, and disposition of claims by and against the United States arising out of the Department's activities.

Because the attorneys of this Office are intimately acquainted with the Department's programs and the statutes under which they operate and have a broad appreciation and understanding of the related governmental policies and programs, they frequently prepare many complex cases for litigation and assist the United States Attorneys in the trial procedures. In a number of appellate cases, the Assistant General Counsel for Litigation presents the oral argument.

Examples of recent activities illustrative of legal work performed during fiscal year 1962 are discussed below.

CREDIT, CONSERVATION, RESEARCH AND STAFF LEGAL SERVICES

1. Farmers Home Administration Programs

a. New Legislation: New legislation under Title V of the Housing Act of 1949, authorizing housing loans on nonfarm rural tracts and on leasehold interests on farms, and insured loans for the development of domestic labor housing and related facilities, and the provisions of Title III of the Agricultural Act of 1961, required extensive legal consideration of new, revised, and consolidated program regulations and legal forms. Adoption of the uniform commercial code with varying modifications in several additional States required radical changes in crop and chattel security forms and procedures. Additional legislation work during the year pointed toward suggested new programs and further enlargement and additional funding of existing programs.

b. Watershed Protection Loans: Every loan proposed under section 8 of the Watershed Protection and Flood Prevention Act and similar proposals in the eleven authorized watershed districts presents new and challenging funding problems and attendant legal complications. A multipurpose project may require the employment of several funding or borrowing procedures for the various purposes, whether

constructed by a single sponsor or several differently-constituted co-sponsors, and each procedure may have all the complications of a municipal bond issue.

c. Soil and Water Conservation Loans: The enlargement of the authority for such loans to include service to residents in rural areas, including places of not more than 2,500 population, has increased the work of the office on these loans, because more of them must be made to public bodies with statutory funding requirements involving bond ordinances and tax assessment rolls, as compared with the simpler financing of nonprofit associations with broad corporate powers.

d. Loan Servicing and Litigation: The increased volume of loans each year since 1959, has had a marked impact on the office in the form of more claims for collection, more suits to prepare for transmittal to the Department of Justice, more alleged violations of criminal law to be referred for consideration, and particularly more claims against third-party converters of mortgaged property. The existing staff was taxed to the utmost to maintain reasonable currency and adequacy of preparation.

2. Rural Electrification and Telephone Programs

a. Loans: The \$261.4 million of Rural Electrification Administration electric loans in fiscal year 1962, and the additional complex generation and transmission loans involving intricate interconnection and pooling of facilities arrangements between REA borrowers and other commercial and public power suppliers, as well as joint financing, required more extensive and specialized handling, covering: (1) contractual arrangements for long-term fuel supply with mining and gas companies; (2) joint financing by REA and private bond houses; (3) long-term power supply arrangements with REA-financed cooperative; (4) power pooling and joint operating arrangements with another REA generation and transmission borrower; (5) standby and interchange arrangements; (6) interchange and transmission wheeling arrangements; (7) modification of existing operating arrangements; and (8) power supply arrangements.

Generation and transmission loans involving complex arrangements on multi-million dollar projects with private and public power suppliers were analyzed, negotiated, and drafted. The increased number and size of REA loans in connection with the Rural Areas Development program required increased study of State laws and working out special arrangements thereunder to safeguard the security interests of borrowers and the Government.

The \$91.6 million in REA telephone loans in fiscal year 1962, continued to involve considering consolidation of REA-financed telephone systems, refinancing of borrowers' outstanding indebtedness, problems relating to non-duplication of existing facilities, furnishing adequate equity by telephone borrowers. Extensive legal assistance was furnished in the development of new REA policies to preclude use of REA financing for speculative purposes involving study of existing Governmental controls in this field and extensive revisions of REA security instruments.

b. Acquisition and Construction of Facilities: Applications for REA financing of purchases of existing electric and telephone utility properties as a means of reaching the remote remaining persons without electric service in rural areas and of extending and improving rural telephone service and insuring financial soundness of REA borrowers continued to present complex and difficult questions under the Rural Electrification Act. Proposals for exchanges of utility facilities again presented special problems.

c. Power Supply: Activity increased in negotiating and drafting new power pooling, interconnection, and other power supply arrangements between REA borrowers and other private and public power suppliers. These matters, in many cases, had no immediate connection with loans or loan applications, relating primarily to assuring adequate and low-cost power supply for REA borrowers. Illustrative were the extended negotiations and vast amount of drafting and study in setting up a power pool comprising six REA generating and transmission cooperatives (operating systems financed by REA loans aggregating approximately \$100 million), three large commercial power companies and a Federal power agency, and involving also the organization of a coordinating cooperative for these six borrowers and working out the relationships among the group.

d. Territorial Protection Assistance: Safeguarding REA borrowers' rights in their service areas continues to be a major program problem throughout the country and has required a considerable amount of legal assistance, both in borrowers' litigation and State legislative programs. Hundreds of reported cases of territorial disputes between REA borrowers and other electric suppliers, together with enacted and sponsored legislation relating to territorial protection, were collected and analyzed. In commission and court proceedings, involving REA borrowers, active assistance was given both in briefing and hearing preparation. Major work was done in analyzing and drafting forms of territorial protection and regulatory body jurisdiction legislation affecting REA borrowers' territorial

rights and the Government's security interests, including a so-called "Model Territorial Integrity Act" for consideration by State groups.

e. Cooperative Organization, Functioning, and Tax Liability: Substantial assistance continued to be given to REA borrowers in cooperative organization and functioning, particularly on margins and patronage capital and tax liability and in analyzing proposed and enacted tax legislation affecting borrowers.

f. Legal Opinions: Opinions were given to the REA Administrator and his staff on the permissible limits of proposed electric and telephone loans, on joint financing with non-REA sources and pooling and interconnection of facilities; on the relationship of urban and rural telephone facilities; and on the extended scope and terms of REA financing of electric equipment, including machinery, in relation to the Rural Area Development Program. In connection with legal opinions on REA financing of communications services, drafting and other assistance was rendered on proposals to amend the Rural Electrification Act to permit REA financing of a wider variety of communications services, including the distribution by telephone borrowers of educational television to rural school systems.

3. Forestry Programs

a. Administration of the National Forests and National Grasslands: Continued legal assistance was given to the Forest Service in connection with the preparing and interpreting of special use permits, grazing permits, and timber sales; issuing oil and gas leases and interpreting rights to reserved minerals on the national forests and national grasslands and other Title III lands; preparing proposed regulations of the Secretary of Agriculture; and preparing Forest Service Manual and Handbook material.

b. Litigation: Civil and criminal actions involving fire, timber, and occupancy trespasses on the national forests, breach of timber sale contracts and damages to lands and resources of the national forests were reviewed and, as appropriate, referred to the Department of Justice for action or for consideration of recommended compromise. In addition to those cases which were referred by regional attorneys and attorneys-in-charge to the United States Attorney under the direct reference procedure, 34 new cases were transmitted to the Department of Justice in Washington. A case of unusual significance which arose during the year was United States v. California, No. 62-521-WM Civil, in the United States District

Court for the Southern District of California. The complaint seeks recovery of the sum of \$479,194.43, representing suppression costs and damages resulting from a fire on the Angeles National Forest, California. Preparation of the referral of the case to the Department of Justice required considerable research into the issues of whether a State is liable to the United States for torts committed by the State in its Governmental capacity and whether the doctrine of sovereign immunity is applicable thereto.

c. Land Acquisition Programs: The workload increased in land acquisition programs, which include acquisition of lands for national forest purposes by purchase, condemnation, exchange and donation, and acquisitions for research laboratories and administrative sites. This included additional land exchange duties resulting from the transfer of functions to this Department by the Act of June 11, 1960.

Easements were acquired for roads used in marketing national forest timber. Some right-of-way easements, such as the Cedar River Watershed Road System in Washington, and the Calaveras Road System in California, involved preparing complicated conveyances and cooperative share-cost road construction and maintenance agreements covering large road systems with multiple control of lands. In order to provide access over 22 unpatented mining claims to 400 million feet of mature Government timber in the Rogue River National Forest in California, a condemnation proceeding entitled United States of America v. 40.52 acres of land, more or less, in Siskiyou County, California, William Lucian Cobb, et al., No. 8388 Civil, was filed in the United States District Court for the Northern District of California, with the filing of a declaration of taking on October 22, 1961. Prior to the submission of this case to the Attorney General, this office performed considerable legal research as a basis for advising the Forest Service with respect to condemnation law and the right to cross over mining claims on national forest lands.

d. Mining Claims and Mineral Rights: Continued assistance was given in proceedings for determining surface rights on mining claims within national forests and in hearings for this purpose. These hearings are handled by field attorneys. Legal advice was furnished to the Forest Service in mining claims on the national forests. This included research and advice on whether certain resources are minerals locatable under the general mining laws or common varieties for disposition under the 1955 Act. In

connection with the latter, assistance was given in the preparing of pleadings and briefs, and in marshalling the evidence of expert witnesses with respect to destroying surface resources which would have resulted from proposed strip mining.

e. Appeals under Regulation A-10: Decisions of the Chief, Forest Service, in appeals under Regulation A-10 were reviewed for legal sufficiency. In appeals to the Secretary of Agriculture, assistance was given in the preparing of briefs supporting the Chief's decisions. These appeals involved timber sales, land uses and grazing privileges. Field attorneys acted as counsel for the regional foresters in public hearings held under such appeals to the Chief, Forest Service.

4. Soil Conservation Service Programs

a. Soil Conservation Districts Program: The legal work consisted of preparing and reviewing cooperative agreements, memoranda of understanding, easements, leases, deeds, permits, regulations and program proposals. The volume of work in reviewing memoranda of understanding increased in initiating a program for revising and modifying memoranda of understanding with over 2,900 soil and water conservation districts to reflect the broadened conservation concept set out in the Secretary's Memorandum of February 1, 1962, relating to cooperation with soil and water conservation districts. The work also involved assistance in preparing new and amendatory legislation relating to State soil and water conservation districts laws and related laws, including analyzing and reviewing such legislation and consulting and attending meetings with personnel of the Soil Conservation Service and State and local officials. The volume of this work increased because the number of States have now broadened their soil and water conservation districts laws to provide for the conservation, development, utilization and disposal of water. The work also included keeping a current summary of State soil and water conservation districts laws.

b. Watershed Protection and Flood Prevention Programs: The work in these programs involved drafting legislation relating to the Watershed Protection and Flood Prevention Act and other Federal laws pertaining to soil and water conservation and land utilization. It included reviewing and approving watershed work plans for legal sufficiency. Emphasis was given to constitutional and statutory authority of local organizations. It included preparing, reviewing or approving of deeds, easements, construction contracts, and related bid bonds and performance and payment bonds; reviewing

claims of contractors for additional payments alleged to be due under construction contracts; and preparing legal opinions interpreting construction contracts involved in litigation and analysis of pleadings and proceedings in such litigation. The work also included assistance to State officials and agricultural leaders in developing new and amendatory State legislation in furtherance of these programs.

c. Great Plains Conservation Program: The work in this program consisted of assisting in preparing amendatory regulations with related instruments, and Federal Register filing; preparing, interpreting and reviewing administrative procedures, regulations, notices and instructions; and drafting and interpreting contract provisions and other legal instruments. This office also assisted in developing procedures under the Regulations for holding hearings to determine contract violations, disputes, and terminations. The office assisted in the Administrator's review and decision in appeals to the Administrator from decisions of hearing officers.

5. Staff Legal Services

a. Contracts: The workload continued heavy in this field. The office assisted the Department of Justice in the defense of a suit entitled W. F. Maxwell, et al. v. United States in the Court of Claims. The plaintiffs asked damages of \$65,771.59 for breach of a SCS construction contract. The Court of Claims, however, in January 1962, found for the Government on all counts and dismissed the petition. During the year, five contract appeals were handled. In each case, one attorney served as chairman of the Board of Contract Appeals and one or more other attorneys represented the Government before the Board. Thirty bid mistake cases were decided pursuant to delegations. More than 400 contractual documents consisting of research contracts, cooperative agreements, licenses and permits were reviewed, and assistance was provided in drafting, revising and interpreting such documents. In addition, this office worked with agency contracting officers in drafting findings of fact, contract specifications, preparing a complete revision of the research contract standard forms. It also considered numerous problems involved in competitive and negotiated bid administration. A number of questions were considered relating to the subrogation rights of sureties of Government contractors.

b. Personnel: The promulgation of Executive Orders 10987 relating to adverse actions, 10988 concerning employee-management cooperation in the Federal service, 11007 on Advisory Committees, and the

President's Memorandum of February 9, 1962, on preventing conflicts of interest on the part of advisers and consultants to the Government, gave rise to a number of questions, on which advice was given. Implementing departmental regulations and agency instructions were reviewed. In accordance with the President's Memorandum on advisers and consultants, statements of pecuniary interests are reviewed in this office for determination with respect to possible conflicts of interest. New legislation on which advice and assistance was given on personnel and related problems included Title I of Agricultural Act of 1961 (P.L. 87-128), approved August 8, 1961, providing for consultation on agricultural problems; P.L. 87-161, approved August 25, 1961; Department of Agriculture Centennial, P.L. 87-350, approved October 4, 1961, relating to retirement credit of ASC county committee employees; P.L. 87-378, approved October 4, 1961, relating to military leave; P.L. 87-391, approved October 4, 1961, providing for reemployment rights in connection with military service. Considerable advice and assistance was furnished relating to the use of advisory committees. The volume of inquiries with respect to travel and transportation of household goods continued heavy, and a number of questions resolved concerned compensation and travel expenses for overtime services of various inspectional personnel. The office participated in the preparation of documents and representation of the Department in a number of employee appeals to the Civil Service Commission. Submission of cases to the Department of Justice of possible violation of Federal criminal statutes by Department employees included false claims, embezzlement, conflict of interest and eight-hour law violations. A proposal to repeal or amend the eight-hour law, to allow work in excess of 8 hours a day at overtime rates was studied and advice was given to interested agencies of the Department.

The opinion of the U. S. Court of Appeals for the Ninth Circuit in the case of Smith and Corey v. United States, No. 17,601 and 17,278, handed down in July 1962, which affirmed the conviction of the appellants, constitutes a landmark decision in the area of conflict of interest. Assistance was given to the Department of Justice in connection with the appeal.

c. County Agricultural Stabilization and Conservation Committee Administration: Increased litigation in this area concerned the question of whether a Federal District Court could enjoin a State ASC Committee from moving a county ASC committee office from one county to another county in the same State. In Duba, et al. v. Scheutzle et al., decided May 23, 1962 (No. 17,023), the United

States Court of Appeals for the 8th Circuit, concluded that since Congress in the statute providing for the establishment of county committees had given broad discretion to the Secretary to issue regulations, courts must leave problems of internal administration to the proper administrative officials in the absence of explicit provision for judicial review. The authority with respect to matters of internal administration has also been challenged in a case where the Department has obtained an injunction restraining a county committee from moving the county office. There were a number of administrative appeals of county committees and employees in county offices because of suspensions and removals in connection with the administration of the various agricultural programs administered through the county committees.

d. Budget, Fiscal, and Departmental Administration. Questions as to the interpretation of various items in the annual appropriation act were answered, and assistance was given in preparing or revising language to be incorporated in the budget estimates and appropriation bill. Other matters requiring consideration concerned the use of foreign currencies purchased from dollar appropriations, acquisition of land by donation, exchange, or purchase at nominal cost, use of working capital funds, repairs, improvements and alterations to buildings and lands, effect of proposed amendments to the Federal Property Act, liability for payment of State sales and use taxes, use of Department funds for rent in D. C., and proper funds for charging personal services performed for the Department of Agriculture by GSA and the carrying out of a number of the Department's responsibilities under the Rural Development Program.

Assistance was given in the complete revision of the Department's administrative regulations on availability of information and records. The office also rendered assistance in connection with further changes in the organization of the Department.

e. Farmer Cooperatives: Work with farmer cooperatives and their national organizations on proposed changes in the tax treatment of cooperatives and their patrons required consideration of a substantial number of legal problems. Eleven talks were given to State-wide, regional or national cooperative groups on tax and anti-trust matters of interest to farmer cooperatives. About 10 FCS research or study project manuscripts were reviewed for accuracy and acceptability from a legal standpoint. Conferences and correspondence with Members

of Congress, cooperatives, accountants, lawyers, and others on legal phases of cooperative organization and operation were in about the same volume as in prior years.

f. Research and Extension: Assistance was given in connection with a number of problems involving the animal and plant disease control programs of the Department. This office revised or assisted in drafting proposed legislation with respect to research activities and gave legal advice in the implementation of several research projects. A compilation of legislation relating to agricultural research was prepared. A number of problems involving the Cooperative State Experiment Station Service included the matching of funds under the Research and Marketing Act and consideration of the scope of the term "agricultural commodity" as used in that Act.

A number of problems relating to activities of the Federal and State Extension Services were resolved, such as the giving of citations to private organizations sponsoring 4-H Club programs, methods available to carry out responsibilities under the Area Redevelopment Act delegated to the Secretary of Agriculture by the Secretary of Commerce, the authority of a State to impose on county agents the duty of issuing licenses with respect to the purchase of insecticide, and sale of publications produced by the use of funds allotted to the States. Questions on the relationship of cooperative extension employees to this Department continued to require attention. Advice also was given with respect to proposed amendments to the Smith-Lever Act, as amended.

g. Tort Claims: This office adjudicated 203 claims involving property damage and personal injuries under the Federal Tort Claims Act. Of these, 165 were allowed in the amount of \$38,749.78, and 38, totaling \$16,670, were disallowed. One hundred thirty cases, in various stages of development, were pending at the close of the fiscal year. Numerous cases of property damage were disposed of under the Acts of January 1, 1931, and the Act of May 27, 1930. Also a number of claims against private persons resulting from damage to Government property were handled.

During the year, there were pending in the Federal courts, 70 suits against the United States involving claims totaling over \$3,000,000. Twenty-eight suits were closed by judgment, compromise settlement, or by dismissal of the action.

Advice and assistance was given in connection with P.L. 87-258, authorizing the Attorney General to defend suits brought against Government employees for damage to private property or personal injury caused by operation of a motor vehicle in the scope of employment.

h. Patents: During the year, 169 new cases were submitted, an increase of 23 over the previous year, and action was initiated on 162. Four hundred and three cases were prosecuted through various stages in the Patent Office. Of this number, 146 were new cases filed. Ninety-three cases terminated as patents. Sixteen finally rejected cases were appealed to the Board of Appeals, while, of appeals previously filed, seven were terminated in favor of the Government, ten were unfavorable, and in three, there was a partial reversal of the Examiner. Two new interferences were declared, while three already in progress were decided in favor of the Government. One interference was decided unfavorably.

COMMODITY CREDIT AND PRODUCTION ADJUSTMENT PROGRAMS

1. Price Support and Surplus Removal Programs

Legal problems handled in connection with the acquisition, management, and disposition of commodities under these programs involved practically every field of law - contract, tort, corporation, taxation, agency, real and personal property, negotiable instruments, bankruptcy, admiralty, and criminal law. Price support program bulletins, announcements, instructions, regulations, notes, chattel mortgages, loan agreements, and purchase agreements were prepared or reviewed. Contracts between Commodity Credit Corporation and dealers, processors, warehousemen, and private lending agencies were prepared and reviewed. Legal problems on the application of these instruments and contracts and claims arising thereunder were handled by the office.

2. Export Programs and Disposal Operations

Legal assistance was given on the various disposal and export programs. These programs involve barter; payment-in-kind programs (domestic and export); cash subsidy export programs; sales for cash, foreign currency, and credit; and domestic and foreign donation programs. Regulations, announcements, agreements, and charter parties necessary in conducting these programs were prepared or reviewed. The legal problems in

connection with their application were handled. Varied legal problems and claims on the processing, transporting, warehousing, and financing of commodities under these programs were also handled.

3. Storage Operations

Various legal problems were handled in the leasing and management of the bin sites used in the storage of CCC-owned grain. Legal assistance was given in preparing forms for the purchase of equipment for use at bin sites. Regulations and legal documents were prepared or reviewed in connection with loans to farmers for the construction of storage facilities and the acquisition of mobile drying equipment for storage and preservation of grain on farms while held under price support loans. Legal advice was given with respect to false certifications, labor, warranties, claims, and other problems arising in this work.

Legal services were rendered in connection with the Uniform Grain Storage Agreement and the Cotton Storage Agreement used for the commercial storing of grain and cotton owned by or under loan to Commodity Credit Corporation, as well as agreements used in the storing of other agricultural commodities. Legal problems arising in connection with such storage operations and with respect to the maritime fleet storage operations were also handled. Legal assistance also was given on problems arising in the storing of Section 32 and School Lunch commodities.

4. Emergency Feed Relief Programs

Regulations, application forms, and other legal instruments were prepared under the emergency feed programs for drought, flood, and other disaster relief.

5. Corporate Management

In connection with organizational, administrative, fiscal, budgetary, and procedural matters associated with general corporate activities of Commodity Credit Corporation, legal advice was given administrative officials of the Department and the Board of Directors, Commodity Credit Corporation. Regulations, procedures, and other legal instruments were prepared or reviewed for legal sufficiency. Dockets and resolutions for the consideration of the Board of Directors in the adoption of policies and programs of the Corporation were prepared or approved for legality. Numerous reports required by Congress covering corporate activities were prepared or reviewed.

6. Section 32, School Lunch, Special Milk and Pilot Food Stamp Program

Legal aspects of Section 32, School Lunch and Special Milk Programs were also handled. In connection with the purchase and donation, export, and diversion programs carried out under Section 32 of the Act of August 24, 1935, regulations and procedures, contracts, donation agreements and other legal instruments were prepared or approved. Dockets authorizing or amending the programs and the claims arising in connection therewith were handled.

The legal work in connection with the Food Stamp Program conducted pursuant to Section 32 also was handled. A total of 12 cases involving the misuse or improper negotiation of food stamp coupons under the Pilot Food Stamp Program were referred to the Department of Justice for consideration of criminal and civil action. Indictments against six individuals were returned in five of these cases which arose in three of the eight areas in which the pilot program operated during the fiscal year. These cases involved the sale of ineligible items by grocers for food stamp coupons or the giving of cash, usually on a discount basis, for food stamp coupons. Three individuals in three of these cases entered pleas of guilty during fiscal year 1962, and fines totaling \$1,000 were imposed. A number of administrative suspension actions have been taken in a number of cases involving the misuse or improper negotiation of food stamp coupons. It is expected that legal work relating to the Pilot Food Stamp Program will increase in the future, since the program will become operative in a number of additional geographic areas.

In connection with programs for the procurement and distribution of a variety of food products under section 6 of the National School Lunch Act, this office reviewed dockets authorizing the programs and drafted or approved for legality contracts, procedures, and regulations.

Regulations were revised for use in the Special Milk Program conducted to increase the consumption of fluid milk by children in nonprofit schools, child-care centers, and similar nonprofit institutions.

7. Special Feed Grain Program

This office assisted in preparing the necessary legal forms and documents and reviewed program regulations in connection with the 1962 Feed Grain Program, which was authorized under the Soil

Conservation and Domestic Allotment Act. The office also has rendered opinions, oral and written, in connection with the day-to-day operations of the Feed Grain Program. This office gave legal advice and assisted in the hearings in connection with appeals under the 1961 and 1962 Feed Grain Programs which are heard by the Deputy Administrator, State and County Operations, ASCS. Many of these appeals involve the appearance of producers and counsel before the Deputy Administrator. A number of cases arising under the Feed Grain Programs are now in litigation, and it is expected that the number of litigation cases will increase substantially in the coming months.

8. 1962 Wheat Stabilization Program

The legal advice in connection with the 1962 Wheat Stabilization Program is similar in nature to the legal work under the Feed Grain Program. The office has assisted in the preparation of the regulations governing the program and the necessary forms and documents required thereunder and has reviewed them for legal sufficiency. Since 1962 was the first year of this program, the volume of work in connection with litigation and the everyday operations of the program has been less than that under the Feed Grain Program. It is expected that such legal work will steadily increase in the near future. The office also rendered legal advice in connection with appeals of producers before the Deputy Administrator, State and County Operations, ASCS.

9. Agricultural Conservation Program

Assistance was provided in the preparation and review of the National regulations, 50 State handbooks, and numerous amendments thereto. Other assistance was rendered in the preparation of proposed legislation, legislative reports, legal opinions and interpretations, the handling of appeal cases, and litigation. A total of six litigation cases was referred to the office during the year.

10. Acreage Allotments and Marketing Quotas

Acreage allotments and marketing quota programs were in effect for the commodities wheat, rice, peanuts, cotton, extra long staple cotton, and seven kinds of tobacco. Assistance was rendered in the preparation and review of proclamations, regulations, and procedures, drafting of proposed legislation, and legislative reports, and the handling of review hearings and

litigation. The office received 170 litigation cases involving marketing quotas during the year.

11. Federal Crop Insurance

The Federal Crop Insurance Program was expanded to include three new crops - peas, peanuts, and potatoes, which necessitated the drawing of new insurance contract forms for each of these crops.

12. Sugar Act

Matters of unusual importance arising under the Sugar Act of 1948, as amended, included consultation and drafting of legislation for purposes of extending and amending extensively such Act; and consultation and assisting the Department of Justice in preparing defense to suits instituted in the Court of Claims to recover from the United States import fees paid under such Act totaling in excess of twenty million dollars.

13. Commodity Credit Corporation Litigation

Commodity Credit Corporation cases pending in the courts or in the Department of Justice increased from 779 at the end of fiscal year 1961, to 867 at the end of fiscal year 1962. A total of 445 CCC cases (including suits filed against the Corporation) were referred to the Department of Justice during fiscal year 1962, as compared with 297 CCC cases so referred in fiscal year 1961. The 867 cases pending at the close of 1962, involved slightly more than \$24 million, as compared with 779 cases involving approximately \$25 million, pending at the close of 1961.

During the fiscal year, 312 producer loan cases were referred to United States Attorneys. This reduced the backlog of such cases pending in the office from 304 at the end of fiscal year 1961, to 164 at the end of fiscal year 1962. This reduction in backlog was accomplished despite an increase in the number of producer loan cases referred to the office during fiscal year 1962, to 512 cases so referred as compared with 464 such cases referred during fiscal year 1961. A total of 428 producer loan cases were pending in court or in the United States Attorneys' offices as of the end of fiscal year 1962.

Total collections in CCC litigation cases which were received and transmitted by the office during 1962, amounted to almost

\$2 million. The following are illustrative of litigation involving Commodity Credit Corporation activities:

a. Grain Warehouse Cases: During 1962, 34 new cases involving shortages and deterioration of grain stored in commercial warehouses were prepared and referred to the Department of Justice. Thirty-four cases were closed, leaving a total of 98 cases involving slightly more than \$8 million pending at the close of 1962.

Three new indictments were returned during the fiscal year in grain shortage cases, making a total of 130 such indictments returned since January 1951. Two defendants were successfully prosecuted during the fiscal year, bringing the total of convictions since January 1951, in grain shortage cases to 95 individuals. One indictment returned during the fiscal year is awaiting trial.

In the case of Coultas Brothers Grain Company and Richard Coultas of Florence, Illinois, which arose in 1959, a plan for an arrangement in proceedings under Chapter 11 of the Bankruptcy Act, under which the Government's claim was settled for \$1,275,000, was accepted by the creditors and approved by the Department of Justice during fiscal year 1962. Payment of this amount will conclude the Coultas Brothers litigation insofar as the Government is concerned, Richard Coultas having pleaded guilty in 1960 to five counts of a criminal indictment and having been sentenced to nine years in prison.

b. Estes and McSpadden cases: The various aspects of the Estes and McSpadden cases, in which CCC has an interest, have required a large amount of work of attorneys both in Washington and in the field. The principal work insofar as CCC litigation is concerned has been in connection with the transfer of custody of the Estes and McSpadden grain warehouses to the Receivers appointed by the Federal district courts in the two arrangement proceedings under Chapter 11 of the Bankruptcy Act (the Estes matter has since been converted into a straight bankruptcy proceeding), and in handling various legal problems relating to the assumption by the Receivers of the warehouse agreements, the obtaining of liability insurance to protect CCC interests, and the rapid loading out of the facilities pursuant to the decision of the Secretary of Agriculture. Steps have also been taken to protect the Government's interest against claims of others, including assignees of storage

earnings and other creditors of Estes and McSpadden. A considerable amount of work has been required in obtaining and furnishing information to assist the Department of Justice and the Federal Bureau of Investigation in their investigation and handling of the Estes and McSpadden matters and in furnishing information requested by Congressional committees.

c. Cases involving milk acquired under price support programs:

A number of claims by CCC against non-fat dry milk processors in connection with the sale and delivery of non-fat dry milk which was found to be insect infested several months after delivery of the milk have been resolved in favor of CCC in administrative proceedings before the CCC Contract Disputes Board during the last few years. Three of these cases have culminated in suits in United States District Courts in which the contractors have sought to overturn the findings of the CCC Contract Disputes Board. In two of these cases, Land O'Lakes Creameries, Inc. v. Commodity Credit Corporation, which arose in Minnesota, and United States v. Hamden Cooperative Creamery Company, which arose in New York, United States Courts of Appeals for the Eighth Circuit and the Second Circuit, respectively, rendered decisions of the United States District Courts which upheld findings of the CCC Contract Disputes Board. These are significant decisions in protecting the Government against latent defects in commodities delivered to it under contracts. Attorneys of this office devoted considerable time to the preparation of these cases and participation in the trials, as well as previously having participated in proceedings before the Contract Disputes Board. The third case is still pending in United States District Court.

d. Transportation claims: A total of 62 cases involving \$4.2 million were pending in the courts or in the Department of Justice at the close of fiscal year 1962, as compared with 66 such cases involving \$3.8 million at the beginning of the fiscal year.

MARKETING AND REGULATORY LAWS

1. Marketing Agreements and Orders

Formal hearings were held in connection with seven new programs, three of which involved proposals for orders of National application. Eight orders were made effective, and

two consolidation actions were taken, resulting in a new high of 130 programs (83 milk and 45 fruits and vegetables and 2 other commodities) on June 30, 1962. Amendment hearings were held on 93 existing orders (F.Y. 1961-48), 86 amendments were promulgated (F.Y. 1961-52), and 42 orders were issued suspending or terminating provisions of marketing orders (F.Y. 1961-29). The increase in the number of orders has involved the initiation of programs scattered throughout the country so that today there are marketing orders in all but a few States. Recent expansion of the marketing areas under milk marketing orders and orders in new areas continue to contribute to an unusual volume of litigation. A recent Supreme Court decision invalidating the compensatory payment provisions of the New York-New Jersey milk marketing order raises serious questions regarding this type of provision in 80 orders which will result in an increase in amendment proceedings and in litigation.

2. Perishable Agricultural Commodities Act

In 1962, 323 reparation cases were instituted. Action was taken which resulted in disposing 336 cases, leaving 127 pending on June 30, 1962. Six disciplinary proceedings were pending at the beginning of 1962. Thirteen new proceedings were instituted during the year. Sixteen disciplinary proceedings were disposed of during 1962. In addition to reparation orders disposing of cases, 56 additional orders were issued, consisting of 12 stay orders, 32 orders in connection with petitions for reconsideration, 11 orders either reopening or disposing of reopened cases, and one miscellaneous order. For the past several years, the volume of legal work, of which handling of reparation and disciplinary cases is only a part, has been substantially higher than in previous years. It is estimated that there will be further increases in the workload, based on the current trend of activity.

3. Packers and Stockyards Act

There has been a progressive, substantial increase in the legal work under the Packers and Stockyards Act during the last few years. This has been due to the broadening of the jurisdiction of the Secretary by P.L. 85-909, effective September 2, 1958, to include all livestock transactions in interstate commerce, and the added emphasis being given to enforcement activities under Title II of the Act, relating to packers.

On July 1, 1962, there were approximately 2,300 stockyards posted under the Act, compared with 600 in 1958. There were 12,680 dealers registered under the Act on July 1, 1962, compared with 5,100 in 1959. The number of registered market agencies increased during the same period from approximately 2,100 to over 4,300. As of July 1, 1962, over 3,200 meat packers were subject to the Act.

During 1962, 166 formal administrative cases were instituted, including 106 disciplinary proceedings, 26 rate matters, and 34 reparation proceedings. One hundred and sixty-four administrative proceedings were terminated during such year. Seventy-seven formal administrative proceedings remained pending at the close of the fiscal year. In addition, this office had on hand at that time requests for the institution of 42 additional proceedings. The number of proceedings instituted during fiscal year 1962 (166) represented a 43 percent increase as compared with the number instituted in 1961 (116). The number of proceedings terminated during fiscal year 1962 (164) represented a 59 percent increase over the number terminated in 1961 (103).

The number of court proceedings to obtain civil penalties from persons operating as a market agency or dealer without being registered and bonded, and for persons failing to file required reports increased from 14 proceedings in 1960, to 60 in 1961, and 77 in 1962.

The increase in the workload was particularly heavy in connection with work under Title II of the Act, which prohibits unfair, monopolistic, and restraint of trade practices by packers. Twenty-two cases involving packers were instituted during the fiscal year compared with only 9 for the previous year. A number of these cases were of the most complicated nature, involving complex and novel issues of fact and law. Such proceedings required extensive research, protracted hearings, the answering of numerous motions, involved and lengthy briefs, and oral argument before the Judicial Officer.

The Department has announced that it has under consideration an extensive revision of the regulations under the Act. Such a revision will require a substantial amount of legal assistance.

There has also been a considerable increase in the volume of miscellaneous court litigation under the Act, such as actions

for the enforcement of subpoenas and injunction actions against the Department.

4. Animal Quarantine Laws

The volume of legal work in connection with this activity has increased substantially due to improved enforcement activities. A new program to eradicate hog cholera is being instituted, which is expected to result in from 100 to 150 additional criminal cases during fiscal year 1964.

5. Federal Insecticide, Fungicide, and Rodenticide Act

The number of civil libel proceedings under this Act to seize and condemn products not meeting the legal requirements has increased from 25 in 1960, to 46 in 1961, to 55 in 1962. A greater increase is expected during 1963, and 1964, due to added emphasis on the enforcement program and additional personnel available for investigating purposes.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1962, were actually received or programed for 1963 and 1964. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	: Obligations, : 1962	: Estimated : Obligations, : 1963	: Estimated : Obligations, : 1964
Allotments from:			
<u>Emergency Credit Revolving Fund</u>			
<u>Farmers Home Administration - For</u>			
legal services in connection with			
the emergency and special livestock			
and loan programs	\$15,229	\$29,000	\$29,000
<u>Expenses, Agricultural Stabilization</u>			
<u>and Conservation Service - For legal</u>			
services in connection with the soil			
bank program and the feed grain and			
wheat programs for 1963	77,276	127,050	74,750
Total, Allotments	92,505	156,050	103,750
Allocations and Working Funds			
(Advances from other agencies):			
<u>Consolidated Working Fund, General,</u>			
<u>Agriculture - For legal services in</u>			
connection with the Area Redevel-			
opment Act program responsibilities			
assigned to the Department of			
Agriculture	4,488	- -	- -
Obligations under Reimbursements from			
Governmental and Other Sources:			
<u>Salaries and expenses</u>	1,507	4,100	2,000
TOTAL, OBLIGATIONS UNDER ALLOTMENTS			
AND OTHER FUNDS	98,500	160,150	105,750

OFFICE OF INFORMATION

Purpose Statement

The Office of Information was established under its present name in 1925 as a consolidation of functions formally organized as early as 1889, to coordinate in the Department the dissemination of information useful to agriculture as directed by the Act establishing the Department of Agriculture in 1862.

The Office has general direction and supervision of all publications and other information policies and activities of the Department including the final review, illustrating, printing and distribution of publications; clearance and release of press, radio, television, and magazine materials; maintenance of central files of news and general illustration-type photographs; and the preparation and distribution of exhibits and motion pictures. The Office publishes the Yearbook of Agriculture, the annual report of the Secretary of Agriculture, the Department Directory, and the Department List of Publications; handles the details of distributing farmers' bulletins allotted to Members of Congress; and services letter and telephone requests for general information received in the Department. Under the Department's Working Capital Fund, the Office also produces visual informational materials, such as motion pictures, exhibits, art and graphics materials, and still photographic work for the Department and other Government agencies.

Employment as of November 30, 1962, totaled 250. The Office has no field employees, except part-time or intermittent workers for seasonal work in securing still photographs and for displaying exhibits at State fairs and similar agricultural activities.

	Estimated Available, 1963	Budget Estimate, 1964
Appropriation	\$1,656,000	\$1,684,000

Salaries and Expenses

Appropriation Act, 1963	\$1,610,000
Proposed transfer, 1963, for increased pay costs	46,000
Base for 1964	1,656,000
Budget Estimate, 1964	1,684,000
Increase	<u>+28,000</u>

SUMMARY OF INCREASES AND DECREASES, 1964

Reduction to reflect estimated savings due to the installation of a centralized data processing operation (MODE) for personnel and payroll data	-6,000
Reduction due to non-recurring increase in 1963 Act for equipment items not needed in 1964	-19,000
For postal costs pursuant to Public Law 87-793	+18,000
For pay act costs pursuant to Public Law 87-793	+35,000
Net increase	<u>+28,000</u>

PROJECT STATEMENT

Project	1962	1963 (estimated)	Increase or Decrease		1964 (estimated)
			Increased	Other	
			Pay and Postal Costs (P.L. 87-793)		
1. Publications review and distribution	\$711,762	\$738,000	+\$22,500	-\$14,400	\$746,100
2. Review and distribution of current agricultural information ..	591,436	620,000	+22,300	-8,900	633,400
3. Review, preparation and distribution of visual agricultural information	283,098	298,000	+8,200	-1,700	304,500
Subtotal a/.....	1,586,296	1,656,000	+53,000	-25,000(1)	1,684,000
Unobligated balance	4,205				
Total increased costs (P. L. 87-793):					
Pay costs	(- -)	(46,000)	(+35,000)	(- -)	(81,000)
Postal costs	(- -)	(9,000)	(+9,000)	(- -)	(18,000)
Total available or estimate	1,590,500	b/ 1,656,000	+53,000(2)	-25,000	1,684,000
Transferred from "Reimbursement to Commodity Credit Corporation for costs of special milk program" for increased pay costs	- -	-46,000			
Total appropriation or estimate	1,590,500	1,610,000			

- a/ Represents obligations. Applied costs for 1962 are \$1,522,613. The difference of \$63,683 reflects primarily the excess of printing and reproduction orders placed in 1963 for agriculture yearbooks and farmers bulletins over publications distributed in that year, and a small increase in the inventory of publications consigned to the Government Printing Office for distribution.
- b/ Includes \$1,100 estimated to be transferred to "Salaries and expenses, General Administration", during fiscal year 1963 for the Office of the Inspector General.

(1) A net decrease of \$25,000 consisting of:

(a) A reduction of \$6,000 to reflect estimated savings due to the installation of a centralized data processing operation (MODE) for payroll and personnel data. An explanation of this reduction is included in the Preface to these Explanatory Notes. This reduction is distributed between activities as follows:

Publications review and distribution	- \$ 2,400
Review and distribution of current agricultural information -	1,900
Review, preparation and distribution of visual agricultural information	- 1,700
Total decrease	- <u>6,000</u>

(b) A reduction of \$19,000 due to non-recurring increases in 1963 Act for equipment items not needed in 1964. This reduction is distributed between activities as follows:

Publications review and distribution	- \$12,000
Review and distribution of current agricultural information -	7,000
T Total decrease	- <u>19,000</u>

- (2) An increase of \$53,000 for pay and postal costs pursuant to P. L. 87-793, consisting of \$35,000 for pay act and \$18,000 for postal costs. (An overall explanation of increases for pay and postal costs is included in the Preface to these Explanatory Notes in Volume 1.)

SUPPLEMENTARY PROJECT STATEMENT

(The following schedule reflects a more detailed analysis of the obligations shown in the regular project statement)

	1962 (actual)	1963 (estimated)	1964 (estimated)
1. Publications review and distribution:			
(a) Publications management	\$63,171:	\$69,300:	\$70,000
(b) Printing procurement	63,076:	70,200:	72,000
(c) Inquiries and distribution	294,835:	311,000:	315,600
(d) Printing of farmers' bulletins, reprints and lists	271,530:	267,500:	267,500
(e) Publications use study	19,150:	20,000:	21,000
Total	711,762:	738,000:	746,100
2. Review and distribution of current agricultural information:			
(a) Press service	161,739:	173,900:	186,800
(b) Preparation of reports	78,341:	83,000:	85,000
(c) Radio and television	128,356:	140,100:	138,600
(d) Printing Agriculture Yearbook ...	223,000:	223,000:	223,000
Total	591,436:	620,000:	633,400
3. Review, preparation, and distribution of visual agricultural information:			
(a) Art and graphics	23,281:	25,500:	26,000
(b) Exhibits service	64,938:	68,000:	70,000
(c) Motion picture service	110,143:	114,800:	116,000
(d) Photographic distribution	84,736:	89,700:	92,500
Total	283,098:	298,000:	304,500
Unobligated balance	4,205:	- -	- -
Total available or estimate	1,590,500:	a/ 1,656,000:	1,684,000
Proposed transfer from "Reimbursement to Commodity Credit Corporation for costs of special milk program" for increased pay costs	- -	46,000:	- -
Total appropriation or estimate	1,590,500:	1,610,000:	1,684,000

a/ Includes \$1,100 estimated to be transferred to "Salaries and expenses, General Administration," during fiscal year 1963 for the Office of the Inspector General.

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STATUS OF PROGRAM

Current Activities: The Office of Information functions as the communications link between the Department of Agriculture and farmers, organizations, and institutions interested in agriculture, consumers, and the public at large. The Office provides a service to the Department and its constituent agencies--and to the ultimate users of agricultural information--by disseminating results of agricultural research and marketing, of trends in agricultural programs and policies, and of other equally pertinent subjects that are essential to carrying on the work of the Department.

The principal functions of the Office of Information are:

- a. Overall coordination of all information work in the Department,
- b. Final review of all information materials released to the public, and
- c. Coordination of agricultural information activities with those of other Federal and State agencies.

The work of the Office in disseminating useful agricultural information is carried on in the following major areas:

Publications -- Management of the Department's publications program (printed or otherwise processed), including policy review and clearance, printing, and distribution to farmers and to the public.

Current Information -- Review and issuance of press, radio, television, and special reports materials in the dissemination of timely agricultural and consumer information; compilation and publication of the Agriculture Yearbook; and providing essential information on the Department's policies and programs to USDA employees in Washington and the field.

Visual Information -- Production, issuance, and coordination of use of exhibits, still photographs, art and graphics, and motion pictures in disseminating useful agricultural and consumer information.

The Office also cooperates with nongovernmental, industrial, and other commercial organizations and sources of information matters relating to the work of the Department.

Selected Examples of Recent Progress:

Publications

As the focal point of publication for the Department's bulletins and reports, this Office has played an important role in the current programs of the Department. It has expedited manuscript reviews, assisted in planning and editing, rush printing, and specialized distribution. It has helped emphasize materials pointed to the consumer, and materials in Rural Areas Development. It has reviewed and advised on published items for the Centennial observance, for the World Food Forum, for the Food Stamp Program, for Foreign Trade Development, and other special activities and events. It has handled publication of significant basic and applied research, as well as popularized, practical information resulting from such research and needed by farmers, consumers, homemakers, and suburbanites.

The Office has reviewed 67 more manuscripts this fiscal year than in the fiscal year of 1961. Its total printing orders, including those for administrative printing, increased to 4,062 from 3,688.

Data on Printing and Publications Clearance and Production.

	<u>F.Y. 1961</u>	<u>F.Y. 1962</u>
Manuscripts received for printed publications		
(new and major revisions, not including periodicals)...	610	666
Issues of major periodicals reviewed.....	165	167
Publications manuscripts reviewed for processing.....	356	365
Other materials reviewed for processing.....	203	287
New publications to the printer.....	558	583
Revisions to the printer.....	71	70
Popular publications; revisions and replacements to		
the printer.....	(64)	(39)
Reprints to the printer, including slight revisions.....	465	516
Total printing orders written and placed.....	3,688	4,062
Total manuscripts reviewed.....	1,131	1,198

Data on Publications Distributed. A comparison of the number of copies of publications distributed by the Office during fiscal years 1961 and 1962 (see below) shows an increase in total distribution from 30.7 million last year to 43.4 million this year. Most of this increase was accounted for by copies of Program Aids, issued to give farmers and the public generally information essential to the proper implementation of programs of the Department. In addition, much of the increase was in copies of Farmers Bulletins and other publications requested by the public for how-to-do-it information on farming, gardening, homemaking, and consumer subjects. These bulletins moved up in total distribution from 12.0 million to 15.4 million.

Copies of All Publications (In Millions)

	<u>F.Y.1961</u>	<u>F.Y.1962</u>	<u>F.Y.1963(Est)</u>	<u>F.Y.1964(Est)</u>
Total stocks of all publica-				
tions at start of year.....	10.7	11.7	12.8	11.8
New publications printed.....	17.4	22.5	20.0	22.0
Reprints printed.....	14.3	22.0	19.0	20.2
Total available for distri-				
bution.....	42.4	56.2	51.8	54.0
Stocks at end of year.....	-11.7	-12.8	-11.8	-12.0
Total distribution.....	30.7	43.4	40.0	42.0

Farmers' Bulletins (In Millions)

	<u>F.Y.1961</u>	<u>F.Y.1962</u>	<u>F.Y.1963(Est)</u>	<u>F.Y.1964(Est)</u>
Total stocks of all Bulletins				
at start of year.....	5.8	6.0	6.2	6.0
New publications printed.....	2.8	2.6	2.6	2.6
Reprints printed.....	9.4	13.0	9.2	11.0
Total available for distri-				
bution.....	18.0	21.6	18.0	19.6
Stocks at end of year.....	-6.0	-6.2	-6.0	-6.5
Total distribution.....	12.0	15.4	12.0	13.1

Mailing Lists. Shown below are the mailing list workload items handled in carrying out the responsibilities of maintaining the central mailing list index and of supervising the mailing list activities of the Department. The total for fiscal year 1962 shows over 100,000 major workload items. In practice these involved more than 400,000 separate work actions, including filing operations, which were necessary for proper functioning of mailing list operations in the handling of this workload.

	<u>F.Y.1962</u>	<u>F.Y.1963(Est.)</u>	<u>F.Y.1964(Est.)</u>
Names included on Index on June 30	447,493	450,000	452,000
Mailing lists in index.....	1,236	1,225	1,225
Mailing lists revised.....	38	175	100
 <u>Workload Items:</u>			
Additions to lists.....	51,765	42,000	40,000
Names or addresses changed.....	27,403	30,000	30,000
Names or addresses dropped.....	<u>23,057</u>	<u>39,493</u>	<u>38,000</u>
	102,225	111,493	108,000

USDA Publications on Post Office List. More than 30 USDA publications are included in a list of 72 publications of the Federal Government to be posted in a pilot group of city post offices. The list includes authoritative publications containing helpful information and facts for consumers that are available for purchase from the Superintendent of Documents. If the pilot program proves successful, the plan may be extended to other cities.

Centennial Publications. Numerous bulletins and pictures publications on the Centennial were given special handling. Among these publications were a history of the Department and a history of the Agricultural Experiment Stations. The annual Yearbook of Agriculture, normally issued in September, was released this year for a special Centennial observance in May.

Printing Assistance. Efforts have continued to effect maximum economies in departmental printing, in advising Department agencies on printing methods, facilities, and procedures. The Office provided valuable assistance in effecting early deliveries of printing and publications for the new farm program.

Aids to Farmers and Rural People for Civil Defense. The Office has worked closely with the Civil Defense officials in the Department and in the Office of Civil Defense. Because of increased public interest, additional copies of the Department's publications, "Family Food Stockpile for Survival" and "Defense Against Radioactive Fallout on the Farm" were made available. Other issuances made available include, "Farm Equipment and Repair Parts", "A Leader's Guide to Agriculture's Defense Against Biological Warfare and Other Outbreaks", and "Protection of Food and Agriculture Against Nuclear Attack--A Guide for Agricultural Leaders". Four rural civil defense manuscripts were reviewed and readied for printing as follows: "Fallout and Your Farm Food", "Soils, Crops, and Fallout", "Your Livestock Can Survive Fallout", and "Rural Fire Defense--You Can Survive".

Packet for the Bride. An active part was taken in the preparation and distribution of the "Packet for the Bride" consisting of 10 popular publications on homemaking and consumer subjects of interest to the beginning homemaker. A supplement list of additional popular publications of the Department of interest to homemakers, consumers and suburbanites was developed for inclusion.

Current Information

Press Service. As a result of stepped-up USDA program activities, Press Services's basic workload increased substantially during fiscal 1962.

More Press Releases Processed. A total of 4,638 releases and reports were issued during the year -- a rise of more than 600 over the 1961 total. This sharp rise, reflecting added program activities in a number of the Department's agencies, has been accompanied by an increase in workload beyond regular editing, clearing, and processing routine. The stepped-up activity in press release issuance and processing has been accompanied by related essential follow-up work by mail, telephone, and in person calls from newspaper and magazine writers and others. An effort was made to issue only those releases that had sound worth and value to Departmental programs and the press corps. The 4,638 releases and reports do not include many releases of limited or localized interest which for the first time during fiscal year 1962, were given regional distribution rather than national distribution from Washington.

Assistance Provided to Women's Page Editors. A monthly supplement to these Food Home Notes was begun during the past year, as an addition to the regular weekly issues of this service to women's and food page editors. The 8-page supplement makes it possible to offer longer, feature-type stories with photographs and other illustrative material. Some 35 newspapers of over 100,000 circulation were added to the Food and Home Notes mailing list during fiscal year 1962.

Increased Interest in USDA Programs by Farm Paper Editors. A rise of almost 10 percent in requested distribution of the USDA Farm Paper Letter since January 1962 reflected increased interest in the Department's activities and programs among farm magazine editors and newspaper farm editors.

Increased Use of Photographs. More use is now being made of the pictorial approach in disseminating USDA information. A monthly mat of a photograph or pictorial layout, illustrating the value of some important USDA program or service, was made available to 138 newspapers and magazines during the 1962 fiscal year.

Demand for Special Reports and Events Goes Up. Demand continued great for information dealing with the importance of agriculture to the national economy and to individual consumers. More than 870,000 copies of the leaflet, "Background on Our Nation's Agriculture", were distributed. Several requests for bulk supplies were received; for example, one national church organization obtained about 7,000 copies for ministers, ministerial students, and seminary professors. "The Food We Eat" continued to be useful in providing more detailed information on cost, quality, marketing, and distribution of food. The National Association of Biology Teachers obtained, at its own cost, 25,000 copies of this publication for distribution to its members.

New Fact Book on Agriculture. A comprehensive fact book on U. S. agriculture is nearing completion. It is intended as a reference for editors, broadcasters, and others who seek basic information about agriculture.

More Interest in Outdoor Recreation Development. The upsurge of interest resulting from the report of the Outdoor Recreation Resources Review Committee stimulated a large number of requests for information on opportunities for development of outdoor recreation on farm and ranch land. Special reports prepared in connection with the White House Conference on Conservation were useful in answering these queries. Also, a leaflet, "Markets Unlimited -- Outdoor Recreation, a Major Product of American Farms", was produced to provide requested additional background.

Great Plains Conservation Program Information Gets Special Emphasis. The Office worked closely with the Great Plains Agricultural Council and the agencies of the Department concerned with the problem of recurring drought in the Great Plains. Progress of the Great Plains Conservation Program has been reported widely to illustrate how long-range land-use adjustments, including return of droughty and shallow soils to grass, coupled with conservation measures and reserves of feed will help to lessen the damage caused by drought and high winds. A short motion picture is in production for television distribution to report how farmers and ranchers in Baca County, in Southeastern Colorado, are using this program to stabilize agriculture.

Increased Inquiries on Rural Areas Development. To support the Department's new nationwide rural areas development work and to provide information to meet requests about it, the rural areas development information activity has been greatly increased. This Office maintained close working relations with information staffs of USDA agencies, the Secretary's Office, and with other Federal agencies with responsibilities in rural areas development.

Publications Aids. Three publications have been issued -- "Rural Areas Development" (PA-497), "Pegs for Rural Progress" (Agricultural Handbook 229), and "Rural Areas Development and the Churches" (PA-508). Demand for the leaflet, "Rural Areas Development", was so great that the original printing of 70,000 copies was quickly exhausted and an additional printing of 56,000 copies was required. Circulation of the Rural Areas Development Newsletter (printed monthly) rose to about 30,000 because of requests for it by members of State and Area committees and by added use of the newsletter by Department agencies to keep field people informed of program activities.

Visual Aids Produced to Explain Rural Areas Development Programs. A large exhibit was produced and is now on a nationwide tour. Four light portable exhibits were produced for use at small meetings. A filmstrip on rural areas development was produced for and is being used by local leaders. A 10-minute television program, with two local RAD leaders explaining progress in their area, was produced. Motion picture prints of the program are being used as an informational tool at local meetings. Work has started on a 13-1/2 minute documentary motion picture reporting progress of both rural area development and of the Area Redevelopment Program, Department of Commerce. (Because of USDA's responsibilities for Area Redevelopment in rural areas, the two programs are explained or reported in most informational materials.)

Yearbook of Agriculture. AFTER A HUNDRED YEARS, the 1962 Yearbook of Agriculture, was published on the hundredth anniversary of the Department's founding. Dedicated to the American farmer, the book surveys in 700 pages of text and photographs the notable accomplishments of a century. Many reviews and comments, one of which was reprinted in the Congressional Record for September 21, 1962 (pages 19247-19249) attest to the value, usefulness, and attractiveness of the "centennial" Yearbook.

Work is well underway on the 1963 Yearbook of Agriculture, which will deal with the impact of the growth of population, cities, and various aspects of technology on land, farming, and rural people and particularly the need for developing rural areas.

Radio and Television Activities: Radio Tape Services. The outstanding feature of progress in radio service this past year was the steady stream of applications for the two weekly services -- AGRICULTURE USA and AGRI-TAPE. Weekly mailings of AGRI-TAPE increased from 181 to 200. There are requests on hand for 250 weekly mailings, but due to limited production and duplicating facilities, we have not been able to meet all requests. Weekly mailings of AGRICULTURE USA have increased from 84 to 135.

Special Tape Features Accelerated. Production of issues of special taped stories for various areas of the country was accelerated. Special mailings included tapes of Department officials explaining emergency food available to storm sufferers along the east coast last spring; Farmers Home Administration programs in Minnesota and Texas; screwworm campaign in south Texas; commodity referendums, etc. Thirteen special mailings were sent out during the past year, an increase of almost 100 percent over the year before. These were in addition to the regional stories prepared in connection with the AGRI-TAPE. One hundred and fourteen of the regional AGRI-TAPE features were mailed this past year to stations in areas where they apply, an increase of 42 over the past year. Requests for materials from the Office's tape library continues at a high rate with 409 requests filled this year, compared to 402 in 1961.

Radio Network Services. The Office continues to produce the weekly AMERICAN FARMER on the ABC radio network, and to provide material for the weekly NBC FARM REVIEW. The daily MUTUAL FARM WORLD on MBS radio draws heavily upon USDA sources for material.

Television Farm Package Service. The FARM TV PACKAGE features are now provided to 260 stations, an increase of 69 over the previous year.

Videotape Services. As a result of the experimental use of videotape during 1961, short videotape features are now produced about every two weeks, in cooperation with other Department agencies, utilizing Department of Army production facilities. These are provided to some 60 stations on a "bicycling" arrangement. Several features are also provided to Department field personnel for distribution. Over 31,000 feet of videotape was used in distributing 98 dubs of 14 different features.

A weekly half-hour videotape television program is produced in cooperation with a Washington, D. C. television station. Aimed at a general audience, it is designed to outline important and interesting work the Department is doing as it relates to both the farm and nonfarm public. After two telecasts locally, the program is used by stations in four other large metropolitan centers. It is now telecast in color.

Radio-TV Consumer Features. The TV HOME FEATURE PACKET for consumer-interest television programs is now used by 270 stations, an increase of 30 over a year ago. As a result of indicated interest, two videotape consumer

features were produced and circulated. One TV consumer feature appears each week on the weekly USDA TV show (on NBC-TV) ACROSS THE FENCE, and one on AMERICAN FARMER (ABC radio).

TV and Radio Farm Directors Letter. Requests for the weekly T-RFD Letter keep the circulation close to the 922 mailings reported for last year.

Visual Agricultural Information

The Office continues to assist agencies in planning and presenting effective visuals on the Department's programs and activities. This is accomplished through coordination, production, and distribution of visual information for farmers, consumers, and others.

Art and Graphics Services. The Art and Graphics Division continues to supply a centralized service for the planning, preparation, and production of visuals which assist in effectively presenting the Department's programs and policies. The trend to use more visuals to communicate the agriculture story is reflected in all media. As a result, this Division is requested to develop more visuals which are used in publications, on television, in motion pictures, and slide presentation. During the 1962 fiscal year, 2,433 jobs were processed as compared with 1,953 for fiscal year 1961. Some of the visuals produced include:

A GUIDE TO UNDERSTANDING USDA -- A 32-page publication designed for the Office of Personnel incorporating full color art originally prepared for a slide presentation for the same agency. This publication is directed specifically to USDA employees to acquaint them with the organization and services of the Department.

FOOD AND AGRICULTURE, A PROGRAM FOR THE 1960's -- A publication for the Office of the Secretary outlining the agricultural programs.

MODE--A NEW APPROACH TO PUBLIC MANAGEMENT -- Cooperated with the Office of Management Appraisal and Systems Development in visualizing a report on on automatic data processing.

EXTENSION'S JOB IN RURAL CIVIL DEFENSE -- A series of full color slide presentations designed for the Federal Extension Service depicting the role of agriculture in rural civil defense.

MEAT MIRACLE EXHIBIT -- Cooperated with the Exhibit Service in the preparation of certain visuals for this exhibit. Also designed the promotional literature which accompanies this exhibit.

TRADE FAIRS -- Designed promotional literature such as 50 MILLION BRITISH CUSTOMERS and FOOD NEWS FROM AMERICA for the Foreign Agricultural Service. These pieces were distributed at the trade fairs in Manchester, England, and Munich, Germany.

Exhibits Activities, Featured by Work with Both the White House Conference on Conservation and the World Food Forum. Increasing emphasis on use of major exhibits in the United States and on use of exhibits abroad highlighted activities during the year. Department exhibits were sponsored for both the White House Conference on Conservation and the World Food Forum. A special brochure

was prepared for each of the exhibits, CHANGING FACES OF OUR LAND and THE MEAT MIRACLE as visitor handouts. Productions and showings of regular exhibits continued at about the same rate as in previous years.

	<u>F.Y.1959</u>	<u>F.Y.1960</u>	<u>F.Y.1961</u>	<u>F.Y.1962</u>
New exhibits produced.....	53	38	29	45
Exhibits renovated.....	210	184	174	184
3-D visual aids produced.....	51	45	41	6
Exhibits showings.....	266	257	225	239
Exhibit structures for field use	...	...	...	45

Among the major exhibit projects were:

Domestic Exhibits.

CHANGING FACES OF OUR LAND -- Centennial photography exhibit started in production last year and opened by Secretary Freeman in Washington, D.C. on May 14, 1962. The exhibit is now touring the country and is booked well into 1964. Because of the demand for this exhibit, a smaller, more portable version was prepared and is already on tour.

THE MEAT MIRACLE -- Washington, D.C. showing was opened by Mrs. Freeman in May. Requests for showing already extend into 1964.

RESEARCH LABORATORY VISITORS EXHIBITS -- At the request of the Gulfport Forest Research Laboratory in Mississippi, the Exhibits Service completely redesigned the laboratory's ground-floor exhibits for visitors.

AGRICULTURAL EXPORTS -- A large exhibit on agricultural exports was completed for initial showing at the Illinois State Fair in August.

FOOD EXHIBIT -- An exhibit on foods from the United States was prepared for the Fifth International Food Congress and Exhibition held in New York City.

Exhibits to be Shown Abroad.

STORY OF U. S. POULTRY -- Designed and supervised construction and installation of the exhibit for the World Poultry Congress, Sydney Australia. The exhibit was designed so that it will also be suitable for showings at American fairs.

USDA FEED GRAIN EXHIBIT -- Redesigned and gave on-the-spot technical assistance for a revised USDA mobile feed grain exhibit stationed in Switzerland.

INTERNATIONAL TRADE FAIRS -- Helped plan and develop agricultural exhibits in cooperation with the Department of Commerce for showing abroad in international trade fairs in Morocco, Syria, Indonesia, Nigeria, Bulgaria, Argentina, and Mexico.

Motion Picture Use Increases. The trend toward increased use of USDA films continues. There were unusual demands for new productions, due in part to a general expansion of information activities during the USDA centennial year. However, indications are for steadily growing requirements for films.

Increased Distribution. Broader circulation of films -- more bookings of more prints to our users was made possible by a \$25,000.00 increase in appropriated funds for fiscal year 1962. For example, use of films in the field and by television stations was stimulated through the development and distribution of well-designed promotional materials. Improved print inspection and shipping services accelerated the flow of films to users. Film showings by television stations showed a 77 percent increase over 1961, and live showings resulting from Motion Picture Service bookings increased 20 percent. A comparison of Department film distribution activities for the past three years follows:

	<u>1960</u>	<u>1961</u>	<u>1962</u>
Total film subjects in circulation	432	386*	428
Estimated prints in circulation	53,000	52,000	60,000
Showings through libraries and field offices	93,421	98,295	100,000**
Live showings through Washington, D.C. offices	9,521	10,635	12,744
Television showings resulting from Washington, D.C. bookings	2,376	3,135	5,352

*A number of obsolete films were withdrawn at end of 1960.

**Estimated. Reports from field offices incomplete.

Increased Production. In the film-making operations, nearly 6½ million feet of film were printed and processed -- more than 4 million feet of which was directly related to new productions. Although there was some decrease in the number of television spots (20 second to 2 minutes) prepared, this was greatly offset by a signal increase in the number of full-length productions released. The following is a comparison of the number of motion pictures produced and released for agencies of the Department:

	<u>1961</u>	<u>1962</u>
Full-length productions (15-60 minutes).....	6	17*
TV short subjects (3-5 minutes).....	13	12
TV spots (20 seconds-2 minutes).....	42	27

*Work was started on 33 additional films for release during fiscal year 1963.

Typical examples of motion pictures and television spots released during fiscal year 1962 are:

Full-length Productions:

AGRICULTURE, USA -- A sweeping review of achievements in agriculture during the past 100 years.

OUR LAND--ITS MANY FACES -- Describing the role of soil conservation in building an enduring foundation for an expanding agriculture.

AFRICAN HORSE SICKNESS -- Recounting a remarkable victory of veterinary scientists in bringing under control a disease which threatened the economy of nations.

ALICE IN NUMBERLAND -- An intriguing and easily-understood explanation of agricultural statistics.

CREW BOSS -- A dramatically realistic film to train supervisors of forest fire-fighting units.

IT'S THE FARMERS' BUSINESS -- Highlighting the services of agricultural cooperatives in our society.

Television Shorts and Spots:

RECREATION AREAS -- Featuring the objectives and progress of Rural Areas Development programs.

NEW APPROACH TO CHEMOSTERILANTS -- Describing how sterilization may be used to eradicate flies.

SECRETARY FREEMAN--COMMON MARKET -- A brief interview with Secretary Freeman and the President of the Common Market.

WATCH OUT FOR WITCHWEED -- Showing farmers how to identify and eradicate this corn-destroying weed.

4-H CAREER EXPLORATION -- Illustrating one of the many ways 4-H Clubs help boys and girls.

Still Photographic Activities. The Photography Division continues to work with agencies of the Department in the effective use of photographs, slide films, and related materials to tell the story of agriculture. There was stepped-up use of picture stories and photo series in depicting programs and accomplishments of agriculture. Twelve picture stories were released compared to seven last year, and seven photo series compared to four during the previous year.

Updating of Centralized Photographic Library. About 30,000 photographs were removed from the centralized file of news and general illustrative-type photographs as "too old" for current use. This was an increase of 5,000 over the previous year's removal rate. Some of these photographs were transferred into the historical file, which now consists of about 20,000 pictures depicting the Department's growth and agriculture's progress.

Centralized Photographic Reproduction Services. Photography and photographic reproduction services are performed for agencies of the Department. Following is a comparison of reproduction work performed:

	<u>1960</u>	<u>1961</u>	<u>1962</u>
Negatives	11,000	12,650	12,500
Prints	145,600	147,440	100,000
2x2 slides	298,000	302,700	315,000
Photo prints of cotton standards ...	11,180	11,691	12,000

Filmstrips and Slide Series. Ten filmstrips and 25 slide series on the Department's programs and work were produced. Among these were:

THE FOREST -- Tells the story of the multiple use of our national forests.

RURAL AREAS DEVELOPMENT--WHAT IT IS--WHAT IT CAN DO--HOW IT WORKS -- This slide set and filmstrip presentation is intended as an aid in building interest in Rural Areas Development and to stimulate questions.

THE AMERICAN BROILER-FRYER--MODERN FOOD MIRACLE -- Emphasized are the remarkable advances in production, processing, and marketing that have put this "modern food miracle" within reach of consumers in the U. S.

CONSERVATION AND YOU -- Discusses the conservation of our renewable resources -- soil, water, grass, woodlands, and wildlife.

HOG CHOLERA ERADICATION -- Information on various subjects related to hog cholera eradication.

A new system for making filmstrips directly from 16mm motion picture film was developed. The success of this system for producing filmstrips opens up a potential source for high quality color photographs that would have cost many thousands of dollars to obtain. Many needed filmstrips can now be produced that could not have been earlier because of limited funds available.

A Centennial in Photographs. The Division reviewed more than a half million photographs from sources throughout the country for the Centennial Photography Exhibit, illustrating with photographs and brief text the development of American agriculture over the past 100 years. Over 3,000 photographs were collected from various sources and combined with pictures from the Division's files, and the final selection of 325 photographs ~~were~~ made. More than seventy organizations and 235 photographers were represented in the final exhibit. Two duplicates have been made of the display to handle the overflow of requests. Two photographic journals and one business magazine have used a story and layout on the exhibit.

During the centennial year, a weekly series, THEN AND NOW, was released in cooperation with the United Press International wire services out of New York. This illustrative series shows how various phases of agriculture and related work was done up to 100 years ago and how it is being done now.

Agricultural Information Training Foreign Participants

In cooperation with the Agency for International Development, the Office of Information has (1) planned and directed training programs in agricultural information for foreign participants and (2) provided practical training in the various divisions of the Office of Information.

Special Emphasis on Training Programs. In the past year, stress has been placed on the development of training programs that best meet the needs of foreign participants while they are in the United States. This has included evaluation of courses offered at universities and technical schools, arranging special visits to the commercial media, and planning programs to permit visits on United States farms. Through these means, programs were developed according to the background and interests of the foreign trainees. Of special importance, was a three-week orientation program at the University of New Mexico in which participants were able to see a State extension service and the role of information in its operation.

On-the-Job Training Courses are Important. The Office uses its facilities and staff to provide practical training for these foreign information participants. Such courses are individually prepared for the participant. They permit the participant to work along side a professional information person and learn new techniques by doing. In April, a special three-week program was conducted which stressed visual communication.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1962, were actually received or programmed for 1963 or 1964. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in some cases.)

Item	: Obligations, 1962	: Estimated Obligations, 1963	: Estimated Obligations, 1964
Allotment from:			
Great Plains conservation program,			
Soil Conservation Service - For			
dissemination of information in			
connection with the Great Plains			
conservation program	\$12,787:	\$13,400:	\$13,815
Allocations and Working Funds			
(Advances from other agencies):			
Agency for International Development:			
Training services and technical			
consultation	27,974:	32,700:	33,500
Operation of ICA film library	2,192:	- - :	- -
Motion picture production	60,000:	- - :	- -
Total, Agency for International			
Development	90,166:	32,700:	33,500
Consolidated Working Fund, General,			
Agriculture - For dissemination of			
information in connection with the			
Area Redevelopment Act	29,964:	30,817:	41,430
Total, Allocations and Working			
Funds	120,130:	63,517:	74,930
Obligations under Reimbursements from			
Governmental and Other Sources:			
Salaries and expenses	289,586:	33,183:	11,570
TOTAL OBLIGATIONS UNDER ALLOTMENTS AND			
OTHER FUNDS	422,503:	110,100:	100,315

CENTENNIAL OBSERVANCE OF AGRICULTURE

Purpose Statement

The date May 15, 1962, marked the Centennial of the passage of legislation establishing the Department of Agriculture. Through research, service, and education, the Department has contributed significantly to the development of an efficient and productive agricultural enterprise in the United States, and has contributed substantially to furthering the health and welfare of the American people.

A nonrecurring appropriation was made in 1962 for planning and carrying out activities related to the centennial observance of the establishment of the Department of Agriculture, as follows:

1. Coordination with trade, industry, and commodity groups. A program for the participation by agricultural trade, industry, and commodity groups in the centennial observance was developed and coordinated with centennial activities and carried out directly by the Department, the land-grant institutions, and other governmental agencies. The trade, industry, and commodity groups financed the costs of the activities in which they participated.
2. Additional printing costs of 1962 Yearbook of Agriculture. The 1962 Yearbook of Agriculture commemorated the centennial year of the establishment of the Department of Agriculture. In dealing with the Department's role in agriculture over the past century, the higher costs of the Yearbook, above those provided under "Salaries and Expenses, Office of Information" were paid from this item.



Salaries and Expenses

PROJECT STATEMENT

Project	1962 (actual)	1963 (estimated)	1964
1. Coordination with trade and commodity groups	\$49,066	\$30,934	- -
2. Additional printing costs of 1962			
Yearbook of Agriculture	20,000	- -	- -
Total increased pay costs (P.L. 87-793) .	(- -)	(350)	(- -)
Subtotal a/	69,066	30,934	- -
Unobligated balance brought forward	- -	-30,934	- -
Unobligated balance carried forward	30,934	- -	- -
Total, appropriation	100,000	- -	- -

a/ Represents obligations. Applied costs for 1962 were \$46,066. The difference of \$23,000 represents unpaid undelivered orders for printing at the end of 1962.

This appropriation expired for obligation on December 31, 1962. The work has been completed and any balances arising from the liquidation of the obligations will lapse.



STATUS OF PROGRAM

Current Activities: The date May 15, 1962, marked the centennial of the passage of legislation establishing the Department of Agriculture. The non-recurring 1962 appropriation, which remained available until December 31, 1962, was used to plan, develop, coordinate, and encourage participation by trade, industry, and commodity groups in centennial activities.

SELECTED EXAMPLES OF RECENT PROGRESS

Invitation: An invitation to participate in the Centennial, signed by the Secretary of Agriculture and accompanied by a Centennial brochure, "The Centennial of Agriculture...how you can take part", was mailed to 6,000 commercial and industrial leaders, civic groups, churches, and educational groups a few months before the Centennial Year officially began.

Newspaper Supplement: A special Centennial section of the Publisher's Auxiliary, a national trade newspaper circulated to more than 12,000 newspapers, was an excellent outlet for stories and dealer-sponsored advertisements about the Department of Agriculture and American agriculture. Weeklies, small town dailies, and urban and suburban newspapers ordered more than 550 sets of mats as carried in the section and made wide use of the material all over the country.

Program Book, "Agriculture 100": More than 12,000 copies of a program book were mailed to various groups--about one-fourth as a result of individual requests. Included among the organizations, individuals, and groups receiving the publication were manufacturers, civic groups, advertising agencies, business firms, railroads, banks, and county Centennial committees. The 54-page publication contained ideas and materials for Centennial participation ranging from camera-ready ads to Centennial USDA publications and motion pictures that could be ordered separately, and suggestions for making up exhibits. A basic aim of the book was to reach nonfarm groups and urban people with the story of American farming.

Picture Stories: Four were issued: Way Back When, Kids and Country Life, Cracker Barrel Days, and Aircraft in Agriculture. Requests for Way Back When were greater than for any other picture story ever issued by the Photography Division. The demand for photos from it was also extremely high. Requests for the other three publications were unusually strong as well. (Within a few days after the initial mailing, a single order was received for 5,000 copies of Aircraft in Agriculture.)

Centennial Film Festival of Agriculture: A final, Centennial activity included the holding of America's first film festival devoted entirely to movies produced about agriculture. Of more than 100 entries, 20 films were selected to receive awards, and three outstanding documentaries were chosen to receive special recognition for their work creating better understanding of agriculture and conservation through the media of motion pictures and television. One day of the three-day festival was called "Americas Day", when films from Latin America and Canada were viewed and honored. Approximately 300 people attended the festival in November.

Special Items: Throughout the Centennial Year, several small items were developed for Centennial observance. Included were: a large plastic three-dimensional plaque of the Centennial symbol for use at dinners and meetings throughout the country (copies also were made available from the manufacturer for sale to groups interested in obtaining quantities); several banners and flags for loan to groups having special observances; a tabletop exhibit or window display saluting the American farmer, one of which was sent to each State Extension Service (arrangements also were made with the manufacturer for additional sales to other agencies and private groups); a set of presentation cards describing the Centennial activities and also used in making slide presentations about the Department's Centennial Year. Industry and media support of the observance was high, and in most cases private organizations and associations used Centennial material heavily in developing programs or media productions about food, farm efficiency, and America's contributions to world agriculture.

NATIONAL AGRICULTURAL LIBRARY

Purpose Statement

Function: The Library, pursuant to the Department's Organic Act of 1862, and under delegation from the Secretary, "procures and preserves all information concerning agriculture which can be obtained by means of books" Under the Act establishing the Department, the Library also serves as the National Agricultural Library.

Activities: The Library makes available to the research workers of the Department and the State agricultural colleges, as well as to the general public, the agricultural knowledge of the world that is contained in published literature. This reduces duplication of effort and avoids diversion of valuable time of scientists and administrators by letting them know what has been done previously in their fields. The Library collects current and historical published material and organizes it for maximum service to the Department and to the public through reference services, loans of publications, bibliographical services, and photo-reproductions of library material. It issues a monthly Bibliography of Agriculture in which is listed the agricultural literature of the world. The book collection approximates 1,200,000 volumes.

Organization: The Library serves as a staff office of the Department and in addition has operating responsibilities in the field of library and bibliographical services.

On November 30, 1962, the Library had 167 employees, all of whom were in the Washington area.

	<u>Estimated Available, 1963</u>	<u>Budget Estimate, 1964</u>
Salaries and expenses	\$1,187,500	\$1,695,000
Library facilities	- -	450,000
Total	<u>1,187,500</u>	<u>2,145,000</u>

Salaries and Expenses

Appropriation Act, 1963	\$1,153,500
Proposed transfer, 1963, for increased pay costs	34,000
Base for 1964	1,187,500
Budget Estimate, 1964	1,695,000
Increase	<u>\$507,500</u>

SUMMARY OF INCREASES, 1964

To improve library services to scientific and technological workers	\$408,550
To acquire, catalog, and maintain essential publications	\$60,050
Reduction to reflect estimated savings due to the installation of a centralized data processing operation (MODE) for personnel and payroll data	-700
For pay act costs pursuant to Public Law 793	\$39,600
Net increase	<u>\$507,500</u>

PROJECT STATEMENT

Project	1962	1963	Increases		1964
			Increased	Other	
		(estimated)	Pay Costs (P.L. 87-793)		(estimated)
1. <u>Agricultural library services:</u>					
a. General library services	\$701,000	\$724,300	\$23,700	- -	\$748,000
b. Specialized services to research	323,896	463,200	\$15,900	\$467,900	947,000
Subtotal a/	1,024,896	1,187,500	\$39,600	\$467,900	1,695,000
Unobligated balance	3,604	- -	- -	- - (1)	- -
Total increased pay costs:					
(P.L. 87-793)	(- -)	(34,000)	(\$39,600)	(\$21,400)	(95,000)
Total available or estimate	1,028,500	1,187,500	\$39,600 (2)	\$467,900	1,695,000
Transferred from					
"Reimbursement to Commodity Credit Corporation for costs of special milk program" for increased pay costs:	- -	-34,000			
Total appropriation or estimate	1,028,500	1,153,500			

a/ Represents obligations. Applied costs for 1962 are \$1,012,630. The difference of \$12,266 reflects, primarily, the excess of equipment ordered in 1962 over equipment received in that year.

b/ Includes \$800 estimated to be transferred to "Salaries and expenses, General Administration," during fiscal year 1963 for the Office of the Inspector General.

INCREASES AND DECREASES

(1) A net increase of \$467,900 consisting of the following:

(a) An increase of \$408,550 to improve library services to scientific and technological workers.

Need for Increase. The designation of the USDA Library as the National Agricultural Library highlighted the increasing emphasis on the need for scientific information, and the responsibilities placed upon the three national libraries to meet the challenge. Agriculturists and biologists throughout the country must have better access to printed information. Their demands upon the National Agricultural Library for more rapid and more extensive assistance are increasing. Research which should be accelerated by bibliographic and library aid is instead impeded when inadequate library support is permitted to exist. It is impeded because complete listing of publications is not provided in the Bibliography of Agriculture, many foreign language publications are not indexed, many scientific publications cannot be acquired, and special bibliographies and literature searches basic to scientific research studies cannot be supplied to the scientific community.

Research administrators in the Department continue to emphasize the need for more adequate library aid. Similar emphasis upon the importance of more adequate support has been voiced by the President's Science Advisory Committee, the National Science Foundation, the American Institute of Biological Sciences, and other groups representing United States scientists and research workers.

In order to meet its responsibilities to the Nation, the National Agricultural Library must procure, make available for use, furnish reference and lending services, and provide bibliographic coverage of all important published information of interest to the agricultural community promptly and completely.

The research needs of the Department of Agriculture are so vast and diverse that, despite some increase in library support in recent years, efforts to provide optimum information to scientists have not been completely successful. The accelerated pace of research and the number of additional published reports have complicated the situation still further.

An indispensable function of a national library is to effectively disseminate the information in its collections. A recognized method of accomplishing this is through the issuance of indexes to the literature, and through other available systems for documenting published materials. Since 1942 this dissemination has been made (incompletely) by the Bibliography of Agriculture, which is recognized as the outstanding source of such information. One of the important gaps in coverage has been partially filled within the past two years by the work of the Oriental Project. The bibliographies it has prepared and distributed on a world-wide basis have provided access for the first time to a considerable body of important literature published in China and Japan.

In spite of some improvement, one of the major shortcomings of the Bibliography of Agriculture which remains is the inability to list all the important articles now being published. Bibliography compilers, working under tested and approved production standards and using simplified techniques, are unable to cope with the increasing volume of publications. The Bibliography should index annually an estimated 200,000 items. It actually averages less than 96,000.

Scientists have no way of knowing, at the present time, when publications new to the Library are received and made available for use. Consequently, they are unaware of information sources which may be essential to projects which are contemplated or underway.

In addition, the sciences now encompass so many specializations, and there are so many new agriculturally-related research fields, that subjects used for cataloging and indexing documents become obsolete. Proper service to scientists should be based on up-dated, meaningful subjects.

A Task Force established to study needs for more effective use of agricultural-biological literature has recommended improvements in current access to the literature which can be developed at this time. These policies and procedures will lend themselves to integration in a total information storage and retrieval system or will provide additional information required in order to develop more sophisticated systems.

Plan of Work. Funds would be used to:

- (1) Develop policy and procedures for production of a coordinated updated authoritative list of subject headings to be used for cataloging and indexing in the field of agriculture and related sciences. When completed, the project would result in improved efficiency as well as in accelerated service.
- (2) Bring agricultural literature to the attention of scientists more promptly, more completely, and more specifically through several different index approaches and additional listings in the Bibliography of Agriculture. A 20% increase in the number of articles listed can be provided under the proposed system during 1964. At the end of that fiscal year, with the new procedures established and operating, the National Agricultural Library will, for the first time, be in a position to cover a high percentage of substantive articles. Conversion to the new system will be carried out in 1964 on a phased basis, which will insure the regular issuance of the Bibliography and a gradual shift into the new procedures.
- (3) Provide a "current awareness" publication, on a semimonthly basis, listing all new titles made a part of the National Agricultural Library collection. The List will be made an integral part of the Library's total notification services, and the analyzing of papers on a subject basis for its preparation will then provide the elements for further bibliographic work.

- (b) An increase of \$60,050 to acquire, catalog, and maintain publications.

Need for Increase. Studies made by Library personnel during the past several years, show an average of 10% increase in price and a 10% increase

in the number of titles important to agriculture published each year. Studies by outside experts confirm these findings. On May 25, 1961, the Harvard University Library, Farmington Plan Office, reported "Statistics of Receipts for 1960" covering 16 foreign countries showing a total average price increase of 9% per year for books on all subject categories (including non-scientific titles for which the percentage increase has been lower than that for scientific titles). A U. S. Office of Education study published in October 1961, shows that the price of American scientific books rose by about 20% in the period 1958 - 1960, and the price of American periodicals rose during the same period as follows:

Agriculture	10.8%
Home Economics	13.2%
Chemistry and Physics	25.3%
Mathematics, Botany, Geology, General Science	21.7%
Business and Economics	11.5%

The National Agricultural Library must procure publications in all of these fields, as well as in many others.

The Massachusetts Institute of Technology "Report of the Libraries," June 30, 1961, sums up the situation as follows:

"We have come to accept as normal an annual increase of 10% in ... the cost of books ... How long this will go on, we wish we knew. The last few years show the trend clearly."

It is estimated that 39,000 titles of interest to the National Agricultural Library will be published in fiscal year 1964. However, because of insufficient space, the National Agricultural Library is requesting funds to purchase only an additional 1,000 of the most basically essential new titles to be issued. The backlog, in selecting and cataloging gift publications, has been reduced to 47,200 because of the National Agricultural Library's revised acquisitions policy and because of increased cataloging staff with unusual language competence (i.e., Oriental, etc.). In the backlog, there are, undoubtedly, many essential titles which the collection lacks.

Plan of Work. Staff will be provided to select and catalog approximately 1,000 new titles which are to be purchased, and to accelerate the orderly reduction in the backlog of publications currently in the Library's possession.

(c) A reduction of \$700 to reflect estimated savings due to the installation of a centralized data processing operation (MODE) for payroll and personnel data. An explanation of this reduction is included in the Preface to these Explanatory Notes.

(2) An increase of \$39,600 for pay costs pursuant to P.L. 87-793, consisting of \$21,000 to provide for full year costs of the first step of the pay increase pursuant to P.L. 87-793 and \$18,600 for fiscal year 1964 cost of the additional increase effective January 5, 1964. (An over-all explanation of increases for pay act costs is included in the Preface to these Explanatory Notes in Volume 1)

STATUS OF PROGRAM

Current Activities: The primary function of the National Agricultural Library, cooperating jointly with the other national libraries--Library of Congress and the National Library of Medicine--is to collect, on a world-wide basis, publications in the sciences and organize them for optimum use. Its services are made available not only to the Department of Agriculture, but throughout the world to agricultural colleges and universities, and other research and educational institutions, individual scientists, industry, individual farmers and the general public. This is accomplished through three major activities:

Technical Services, including selection from national and international sources; acquisition, classification, cataloging and preparation for maximum use of all books, journals, and other publications for the Department Library collection; upon request, classification and cataloging for agency field libraries; and a national information center on exchange of agricultural publications.

Public Services, including individual reference and lending work, compilation of special bibliographies, provision of photoprint and microfilm copies of Library material, and preservation and maintenance of the nation's and world's heritage of published knowledge in the field of agriculture.

Field and Special Services, including compilation of continuing bibliographies; provision of reference, bibliographic, and lending services in specialized areas; authorization, direction and review of agency field libraries; and provision of leadership in developing plans for maximum utilization of the nation's agricultural-biological library resources and services.

Selected Examples of Recent Progress:

1. Technical Services: Progress continues to be made in cataloging and classifying publications for the collection. In 1961, 2,000 volumes were added to the backlog; in 1962, only 754 volumes were added, despite the fact that 1,319 more unsolicited gift titles were selected for the collection. In addition, the previous backlog of almost 60,000 volumes has been reduced to 47,200, primarily through reselection, based on refinement of the acquisition policy, and a small increase in the professional cataloging staff, including a librarian capable of cataloging Oriental publications.

A revised statement of the Library's acquisition policy has been prepared and distributed. This is the most comprehensive statement of its kind which has ever been available. It will assist in developing a coordinated agricultural acquisition collecting policy for the nation, based on cooperation of the libraries of the land-grant institutions and the other national libraries with the National Agricultural Library.

2. Public Services: The number of reference questions answered during the year increased by 10,501, from 86,392 to 96,893 for the year. Total loans also increased from 227,635 to 238,064, an addition of 10,429.

Eight bibliographies, indexes and lists were prepared to fill special requests. Representative examples include:

- (a) Parity prices.
- (b) Innovations in agriculture; resistance to new ideas and acceptance of them.
- (c) Farmer committees at state and local levels.
- (d) Logging; reference in the English language, October 1959 - October 1961.
- (e) U. S. experience in bringing modern telephone service to unserved areas.

Binding was again performed by private industry under a waiver issued by the Public Printer at a cost of \$1.85 per volume. 8,161 volumes were bound in 1962 as compared to 7,345 volumes in 1961. Included in this 1962 figure is restoration, repair and rebinding of selected rare volumes, the first time in the Library's history that these irreplaceable items have been given proper protective treatment.

3. Field and Special Services: Access to the world's output of scientific literature on agricultural subjects continued to be provided by the "Bibliography of Agriculture." Items indexed fell from 96,745 to 90,215 because of an unusually large turnover of personnel, particularly clerk-typists. Bigger loss in the total items indexed was averted by overtime typing amounting to some 650 hours.

Studies were made of the application of automated equipment to certain procedures associated with the publication of the "Bibliography of Agriculture." Analysis showed that a portion of the work requiring 2,800 man-hours could be performed in half the time by the use of readily available keypunches, sorters, and tabulators. However, the project was abandoned in favor of investigating a more effective automation system using electronic computers. Accordingly, the initial project was absorbed by a task force which is studying automation problems for the Library as a whole.

The 1959 annual index (Index XVIII to the Literature of American Economic Entomology), a basic reference tool for entomologists everywhere, was completed and issued. This is the last issue in a series dating back almost 60 years. It has been discontinued for lack of cooperative support.

Branch libraries, providing services to scientists in specialized fields and to attorneys, all show increases in services rendered. The Beltsville Branch, which gives on-site service to the Agricultural Research Center, loaned 20,873 books and periodicals, answered 18,203 reference questions, and prepared 18 bibliographies. The Bee Culture Branch added 1,357 items to its comprehensive bibliography of the world's beekeeping literature, made 1,425 loans and answered 722 reference questions. The Law Branch loaned 15,329 publications, answered 16,289 reference questions and prepared 69 legislative histories.

Four-fifths of the Department's personnel are located in the field. When their research needs cannot be met by the National Agricultural Library, a state land-grant institution library or local library, field libraries for Departmental agencies may be authorized.

As of June 30, 1962, 12 field libraries supervised by the Forest Service and the Agricultural Research Service were in operation. Forest Service has established libraries at the Forest Products Laboratory, Madison, Wisconsin; Pacific Northwest Forest and Range Experiment Station, Portland, Oregon; Pacific Southwest Forest and Range Experiment Station, Berkeley, California; Region 8 (Southern Region), Atlanta, Georgia; Southern Forest Experiment Station, New Orleans, Louisiana; Northeastern Forest Experiment Station, Upper Darby, Pennsylvania.

The Agricultural Research Service has libraries at the National Animal Disease Laboratory, Ames, Iowa; Plum Island Animal Disease Laboratory, Greenport, Long Island, New York; and one each at the four Regional Research and Development Divisions located at Albany, California; New Orleans, Louisiana; Peoria, Illinois and Wyndmoor, Pennsylvania.

In addition, a Forest Service library at the Southeastern Forest Experiment Station, Asheville, North Carolina, has been approved and is in the process of organization; and authorization has been given the Intermountain Forest and Range Experiment Station, Ogden, Utah, to provide a library for its Station personnel, its field offices, and all of Forest Service Region 4.

Cooperative and contractual agreements between Forest Service and Colorado State University, Fort Collins, and the University of Montana, Missoula, to supply library service to Forest Service personnel in those areas were continued.

At the request of the Director of the National Agricultural Library, and with the support of the President of the Association of State Universities and Land-Grant Colleges, the Secretary appointed an Advisory Committee to initiate a more formalized program of cooperation between the National Agricultural Library and the libraries of the land-grant institutions and other libraries in the United States.

4. Volume of Work: The following table shows a comparison of the workload for fiscal 1962 with the estimated workload for fiscal years 1963 and 1964. Figures include Bee Culture, Beltsville, and Law Branch statistics, as well as those of the Main Library.

VOLUME OF WORK PERFORMED BY DEPARTMENT LIBRARY

Item	: 1962	: 1963	: 1964
	: Actual	: Estimated	: Estimated
Titles cataloged	: 12,200	: 13,500	: 18,000
New catalog cards prepared	: 73,603	: 81,000	: 90,000
Loan of books or periodicals	: 238,064	: 264,300	: 284,000
Reference questions answered	: 96,893	: 107,300	: 108,000
Periodical issues received (including unsolicited gifts)	: 492,984	: 555,400	: 600,400
Periodical issues added to collection	: 234,744	: 261,000	: 282,200
Items indexed in Bibliography of Agriculture	: 90,215	: 115,000	: 160,000
Volumes bound	: 8,161	: 8,500	: 9,800
Purchase, gift and exchange orders for publications	: 8,556	: 8,600	: 9,600

(b) Library Facilities

Appropriation Act, 1963 and base for 1964	--
Budget Estimate, 1964	<u>\$450,000</u>
Increase (for the preparation of plans, specifications, and drawings for new facilities)	<u>+450,000</u>

PROJECT STATEMENT

Project	:	:	1963	:	:	1964
	:	1962	:(estimated):	:	Increase	:(estimated)
Plans and specifications	:	--	--	:	+\$450,000	\$450,000

INCREASE

A total of \$450,000 is required to prepare plans, specifications, and drawings for new facilities to house the National Agricultural Library.

The National Agricultural Library in conjunction with the Library of Congress and the National Library of Medicine collects and organizes all published materials on a world-wide basis. It serves not only as a reference library for the Department of Agriculture in the administration of its programs, but for the Government and the Nation through its extensive and unique national and international resources of agricultural and biological information.

All program functions of the Library should be based on ready access to its collection and its catalog. Only 39,000 square feet of regular stack space is now available. This houses properly less than one half of the Library's current collection. Publications are jammed together and piled on the floor, creating fire hazards. Access to material is completely inefficient. Many valuable volumes are stored in space in the Agriculture Annex in areas which are not humidity and temperature controlled, and even worse, have steam pipes running through them. The material in agriculture published prior to 1900 is being literally destroyed because of inadequate housing.

More than twenty years ago, the inadequacy of the Library quarters was recognized by Department and Government officials who initiated plans for providing better and more adequate facilities. Twenty years later the problems are so severe that service is greatly impaired, publications cannot be properly preserved, and effective organizational patterns are blocked by lack of proper facilities.

The space problem is at such a critical state that the future of library service to the country's scientists is at stake. Many publications necessary for scientists work are not being purchased because there is no place for staff to select and classify them and no stack space in which to store and maintain them.

Overcrowding, dust hazards, heating and cooling problems--all contribute to the unhealthy, inadequate conditions under which an above-average staff continues to establish remarkable production and service records.

In an agency with an average employment of about 160, there were 36 separations during fiscal year 1962. Inadequate working conditions are certainly a contributing factor to such high turn-over.

Space in other buildings in the Washington, D. C. area is not a solution to the problem. The physical separation of library operating functions leads to inefficiency in the flow of work and in the provision of services. All of the Library's activities are connected with the printed materials and the separation of units of work necessitates the wholesale transportation of materials between space locations, thus leading to inefficient and costly operation and damage to publications.

To be effective and productive, all library staff must have immediate access to the basic elements of their work--the books and periodicals which they select, acquire, catalog, and service. Research workers must also have adequate, quiet, and well-lighted facilities where they can perform their library study under optimum conditions.

The Library's problem is highlighted at the present time when efforts are being made by the President's Science Advisory Committee, the National Science Foundation, the Congress, scientific organizations, and others to improve the Nation's library-documentation services so basic to all scientific development.

Particular stress has been laid by these groups on the country's need to improve the three national libraries. The National Library of Medicine moved into its new building in April of this year; the Library of Congress already housed in two building has been granted funds to begin plans for its newest major facility. The National Agricultural Library continues to be hampered by the necessity to make adjustments in completely inadequate facilities.

It is contemplated that new library facilities providing about 240,000 gross square feet of usable space would be needed to provide adequate, efficient, arrangements for handling the collection of the National Agricultural Library. Based on the most nearly comparable construction costs available, it is believed that modest but adequate facilities of this size could be constructed for about \$6-7 million.

The immediate provision for plans for new library facilities is justified as an economy measure for the Department, its scientists, and the Nation.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1962, were actually received or programmed for 1963 or 1964. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1962	Estimated Obligations, 1963	Estimated Obligations, 1964
Allocations and Working Funds			
(Advances from other agencies):			
Agency for International Development:			
For expenses in connection with:			
training activities and technical assistance	\$13,000	\$12,600	\$12,600
Trust Funds:			
Miscellaneous Contributed Funds,			
Department of Agriculture:			
(Principally for printing a			
Subject Authority File for			
agricultural libraries)	9,027	27,255	- -
Obligations under Reimbursements			
from Governmental and Other			
Sources:			
Salaries and expenses:			
For bibliographies, and other			
special library services	105,229	85,000	89,000
TOTAL, OBLIGATIONS UNDER ALLOTMENTS:			
AND OTHER FUNDS	127,256	124,855	101,600

GENERAL ADMINISTRATION

Purpose Statement

The Secretary of Agriculture, assisted by the Under Secretary, the Assistant Secretaries, and members of their immediate staff, directs and coordinates the work of the Department; formulates and develops policy; maintains relationships with agricultural organizations and others in the development of farm programs; and maintains liaison with the Executive Office of the President and with members of Congress on all matters pertaining to legislation and policy to insure effective performance of the agricultural programs.

The following activities are also included under General Administration:

Budgetary and financial administration is carried on by the Office of Budget and Finance, the staff agency with responsibility for functions relating to overall administration of the budgetary, fiscal, and related affairs of the Department. It provides leadership and coordination of these activities throughout the Department, including the acquisition and distribution of funds, accounting, budgetary and financial reporting, organization and management phases of budget and fiscal activities, and related matters.

General operations are carried on by the Office of Plant and Operations, a staff agency exercising general staff management direction of (1) the housing of the Department's activities, including technical services on design and approval of related construction projects; the leasing of commercial space and matters concerned with the management of real property, (2) procurement of supplies, services, and construction, including the awarding of contracts in amounts and for items not delegated to agencies; assists Department agencies in administering set-asides for small business firms and for firms in labor surplus areas, (3) supply and property activities, including storage, transportation, utilization, distribution, and accountability of personal property, administers the Department motor vehicle fleet management program, and (4) records, directives, reports, and attendant paperwork activities.

Internal audit, inspection and investigations activities are carried out by the Office of the Inspector General which was established by the Secretary of Agriculture's Memorandum No. 1503 dated June 25, 1962, and No. 1524 dated December 21, 1962. The office is responsible to the Secretary for assuring that existing laws, policies and programs of the Secretary are effectively complied with on every level of administration in accordance with the intent of the Congress and the Secretary. It insures prompt and appropriate corrective action in those areas in which deviation from established law, policy, procedure, rules or regulations has developed; and conducts internal audit, inspection, and investigative activities within the Department and coordinates and correlates them with various investigative agencies of the Executive and Legislative branches of the Government.

Management appraisal and systems development functions are carried out by the Office of Management Appraisal and Systems Development which was established by Secretary's Memorandum No. 1477 of December 8, 1961. The

Office is responsible for the general direction, leadership, and coordination in the Department of management appraisals, systems design, automatic data processing, operations research, and related management techniques.

Personnel Administration is carried on by the Office of Personnel, the staff agency with responsibility for the personnel management program of the Department. Department-wide leadership, supervision, and coordination are provided in organization, classification and standards; salary and wage administration, examinations and employment; personnel and records security; standards of employee conduct; discipline; employee relations; appeals; employee development; health, safety and welfare; incentive awards; employee-management relations; personnel legislation; personnel research; employee fringe benefits; inter-group programs; and other personnel activities. The operational phases of this activity have been substantially delegated to the agencies. The Office coordinates a review program to evaluate the effectiveness of agency personnel programs and to advise and counsel these officials in the exercise of their authorities within prescribed policies, rules and regulations of the Department and the Federal Government.

Regulatory hearings and decisions include the work of the Office of Hearing Examiners and of the Judicial Officer. The Hearing Examiners carry out the provisions of the Administrative Procedure Act relating to the holding of hearings (5 U.S.C. 1006, 1010). Hearings are held in connection with prescribing of new regulations and orders, and on disciplinary complaints filed by the Department, or on petitions filed by private parties asking relief from some action of the Department.

The Judicial Officer renders final administrative decisions in regulatory proceedings, and is responsible for preparing "Agriculture Decisions", a monthly publication containing decisions in connection with all quasi-judicial functions and administrative hearings of the Department.

The Hearing Clerk Unit, which operates under the Judicial Officer, is responsible for receiving, filing and acknowledging the receipt of complaints, petitions, answers, briefs, arguments, and other documents filed with the Department of Agriculture in connection with quasi-judicial and administrative proceedings under various regulatory laws administered by the Department.

The National Agricultural Advisory Commission was established pursuant to Executive Order 10472, approved July 20, 1953, amended by Executive Order 10937, approved May 3, 1961. In its advisory functions, the Commission is concerned with the broad fields of agricultural policy and administration, both as they affect the U. S. farmer and the national economy. The Commission consists of 25 members, not more than 14 of whom shall be members of a single political party and at least 18 of whom shall be representative farmers from the several geographic sections of the United States. The Commission meets at the call of the Secretary of Agriculture at least once during each quarter of each calendar year. The Chairman of the Commission, in addition to attending each of the meetings, confers with the Secretary of Agriculture at least once a month to review the national agricultural policies and the administration of the farm program.

On November 30, 1962, employment in the Office of the Secretary and the Departmental staff offices under this appropriation consisted of 316

employees, all of whom were in Washington. In addition, there were 236 employees under the Working Capital Fund under which certain central services are performed for other agencies of the Department on a reimbursable basis.

	<u>Estimated Available, 1963</u>	<u>Budget Estimate, 1964</u>
Appropriation	<u>a/ \$3,622,000</u>	<u>\$3,975,000</u>

a/ Includes a transfer of \$225,000 from other appropriations of the Department of Agriculture to finance some of the functions of the recently established Office of the Inspector General.

Revision of Activity Titles and Structure
in 1964 Budget Estimates

The 1964 Budget Estimates propose the following changes in activity structure:

<u>Activities in the</u> <u>1963 Budget</u>	<u>Activities in the</u> <u>1964 Estimates</u>
1. Program and policy direction and coordination: (a) Office of the Secretary and Under Secretary (b) Assistant Secretaries	1. Same
2. Rural areas development	2. Budgetary and financial administration
3. Personnel administration and service	3. General operations
4. Budgetary and financial administration and service	4. Internal audit, inspection and investigations
5. General operations	5. Management appraisal and systems development
6. Management appraisal and systems development	6. Personnel administration
7. Regulatory hearings and decisions	7. Same
8. National Agricultural Advisory Commission	8. Same

The deletion of the "Rural areas development" activity reflects the proposed transfer in the 1964 estimates to establish a separate appropriation for the Office of Rural Areas Development. This is explained in the Office of Rural Areas Development submission.

The new activity "Internal audit, inspection and investigations" reflects the establishment of the "Office of the Inspector General" pursuant to Secretary's Memorandum No. 1503, dated June 25, 1962, and Supplement No. 1, dated August 27, 1962. Funds budgeted for this activity under the appropriation "Salaries and expenses, General Administration" cover the expenses of the Office of the Inspector General relating to the overall policy, liaison, and coordination responsibilities of that Office, plus the expenses related to the conduct of audit and investigation work of the small agencies of the Department which were not covered by an internal audit operation at the time of the establishment of the Office of the Inspector General on June 25, 1962.

The word "service" has been deleted from the activities, "Budgetary and financial administration and service" and "Personnel administration and service" to shorten these activity titles. The activity structure has also been rearranged to place items 2 through 7 in alphabetical order.

(a) Salaries and Expenses

Appropriation Act, 1963	\$3,341,000
Proposed transfer, 1963, for increased pay costs	+144,000
Transferred in 1964 estimates to "Salaries and Expenses", Office of Rural Areas Development (Includes \$3,000 for increased pay costs) .	-88,000
Transferred from other appropriations and funds for internal audit, inspection and investigations	+225,000
Base for 1964	3,622,000
Budget Estimate, 1964	3,975,000
Increase	+353,000

SUMMARY OF INCREASES, 1964

For increased assistance to the Secretary of Agriculture	+57,120
For increased assistance to the Assistant Secretaries	+78,395
For internal audit coverage of new automated systems	+25,090
For strengthening management appraisal activities	+26,000
For strengthening manpower utilization activities	+25,840
For pay act costs pursuant to Public Law 87-793	+140,555
Total increase	+353,000

PROJECT STATEMENT

Project	1962	1963 (estimated)	Increases		1964 (estimated)
			Increased Pay Costs (P. L. 87-793)	Other	
1. Program and policy direction and coordination:					
(a) Office of the Secretary and Under Secretary	\$401,394	\$458,300	+\$17,700	+\$57,120(1)	\$533,120
(b) Assistant Secretaries	248,350	255,780	+4,780	+78,395(2)	338,955
2. Budgetary and financial administration .	627,206	697,645	+29,125	-----	726,770
3. General operations	731,069	779,830	+30,190	-----	810,020
4. Internal audit, inspection and investigations	160,984	414,655	+13,155	+25,090(3)	452,900
5. Management appraisal and systems development	49,767	125,370	+5,370	+26,000(4)	156,740
6. Personnel administration	634,108	673,460	+28,775	+25,840(5)	728,075
7. Regulatory hearings and decisions	172,221	189,960	+11,460	-----	201,420
8. National Agricultural Advisory Commission:	22,330	27,000	-----	-----	27,000
Subtotal a/.....	3,047,429	3,622,000	+140,555	+212,445	3,975,000

Project	1962	1963 (estimated)	Increases		1964 (estimated)
			Increased Pay Costs (P. L. 87-793)	Other	
Unobligated balance ..	48,571	-----	-----	-----	-----
Total pay act costs (P.L. 87-793)	-----	b/(144,000)	(+140,555)	(+12,445)	(294,000)
Total available or estimate	3,096,000	3,622,000	+140,555(6)	+212,445	3,975,000
Transferred from other appropriations and funds	-----	-225,000	-----	-----	-----
Activities transferred in 1964 estimates to "Salaries and Ex- penses", Office of Rural Areas Development	-----	+88,000	-----	-----	-----
Transferred from "Reim- bursement to Commodity: Credit Corporation for: costs of special milk program", for in- creased pay costs ...	-----	-144,000	-----	-----	-----
Total appropriation or estimate	3,096,000	3,341,000	-----	-----	-----

- a/ Represents obligations. Applied costs for 1962 are \$3,035,167. The difference of \$12,262 reflects, primarily, the excess of contractual services and equipment ordered in 1962 over equipment received and services performed in that year.
- b/ Includes \$3,000 of pay costs applicable to the Office of Rural Areas Development. In fiscal year 1963, Office of Rural Areas Development is a part of General Administration and the amount of their pay costs is therefore included in the supplemental request for this item. This amount is included within the comparative transfer to Office of Rural Areas Development.

INCREASES

The increase of \$353,000 for 1964 is composed of:

(1) An increase of \$57,120 for increased assistance to the Secretary of Agriculture to carryout comprehensive and far reaching responsibilities assigned to the Department.

Need for Increase: Additional staff assistance is needed by the Secretary of Agriculture to enable him to more effectively discharge his responsibilities for providing effective leadership and coordination of many, varied, and expanding activities of the Department.

Increased responsibilities assigned to the Department over the years, and the rapid growth of many of its activities, have placed severe limitations on the ability of the Secretary's staff to adequately assist the Secretary to furnish the most effective, forceful, and comprehensive leadership and coordination of agricultural programs. During the last 10 years, the Congress has enacted many measures adding significant new responsibilities to the Department of Agriculture, such as watershed protection, mandatory poultry inspection, the National Wool Act, special milk program, conservation reserve, the feed grain and wheat stabilization programs, the Food and Agriculture Act of 1962, and programs for the disposition of commodities under the Agricultural Trade Development and Assistance Act (Public Law 480). In addition, the Congress has directed the strengthening and expansion of other areas of vital work such as research, education, protection and utilization of national forests and grasslands, meat inspection, technical assistance by the Soil Conservation Service, agricultural credit, and rural area development activities. Additional responsibilities have also involved the recent negotiations with the European Economic Community to assure continued and expanded export markets for American agricultural products such as wheat, feed grains and poultry.

The Secretary of Agriculture is now responsible for developing the policies, and directing and managing the operations of a Department that serves American consumers, farmers, trade, and other groups through many complex and inter-related programs at over ten thousand separate locations in the 50 States, in over three thousand counties, in every major metropolitan area, and in 55 foreign countries.

The span of attention of the existing staff is thus being stretched ever more thinly over gradually increasing areas of responsibility, and the ability of the Secretary to effectively direct the activities of the Department is being progressively weakened.

Plan of Work: The additional funds requested would be used to provide additional staff assistance to the Secretary to review and evaluate the current programs of the Department from a broad standpoint, advise the Secretary on changes which may be needed, and assist in the overall planning, direction and coordination of the Department's activities.

(2) An increase of \$78,395 for increased assistance to the Assistant Secretaries and Directors.

Need for Increase: Increased responsibilities given the Department over the years and the rapid growth of many of its activities have placed severe limitations on the ability of the Assistant Secretaries and Directors to provide the Secretary of Agriculture and the Under Secretary with significant and prompt appraisals of the Department's activities. The Department, as presently organized, groups interrelated programs and services under the general direction of an Assistant Secretary or Director.

An organization of the magnitude of the Department of Agriculture, having responsibilities for administration of programs to assure the production and marketing of commodities to meet domestic and export needs for food and fiber, and which affect important aspects in the life of every American and of many in foreign countries, places severe burdens on the top Departmental leadership in carrying on the day-to-day workload responsibilities.

Plan of work: To assure effective implementation of Departmental policy, coordination, and administration of important programs affecting not only the services within the Department, but those relationships with farmers, educational institutions, State and local governments, private business and other organizations that demand general information and advice from the Department of Agriculture, it is necessary to provide additional staff assistants to the Assistant Secretaries and Directors. This strengthened staff, in turn, would help assure that the Secretary of Agriculture would have sufficient support in effectively providing the necessary leadership in formulating and developing policy, maintaining proper relationships with agricultural organizations and others in the development of farm programs.

(3) An increase of \$25,090 to provide internal audit coverage of new automated systems.

Need for Increase: The Office of the Inspector General was established to assure that existing laws, policies, procedures, rules, and regulations are effectively complied with at every level of organization in the administration of the many complex programs of the Department of Agriculture. The Inspector General reports directly to the Secretary of Agriculture and is responsible for conducting and coordinating audit, inspection, and investigative activities in the Department; and insuring that prompt and appropriate corrective action is taken to correct deficiencies whenever discovered.

In acting on the 1963 appropriation bill for the Department, the Congress recognized the need for more effective internal audit operations by recommending the establishment of a separate departmental organization reporting directly to the Secretary and by authorizing the transfer of \$225,000 from other appropriations to finance some of the functions of the new office. The establishment of the Office of the Inspector General fulfills the purpose behind this recommendation of the Congress, and positive steps are being taken to assemble a highly competent staff. Part of the staff of the new Office consists of personnel transferred from the Office of Personnel and the Office of Budget and Finance who had previously been engaged in certain investigation and internal audit activities of a type now included as part of the responsibilities of the Office of the Inspector General. The expenses of the activities carried out by these employees had been, and continue to be, included in the appropriation "Salaries and Expenses, General Administration." In addition, within the \$225,000 authorized by the Congress to be transferred from other appropriations of fiscal year 1963, the Inspector General is recruiting a team of skilled auditors, investigators, and inspectors and related clerical staff to strengthen overall responsibilities of the Office for developing, directing, and coordinating audit, inspection, and investigation activities in the Department, and conducting audits of those agencies not covered by internal audit at the time the Office of the Inspector General was established.

The increase requested is needed to provide a staff to audit primarily the automatic data processing payrolling as performed centrally for all Department employees. A small staff is needed to assure the adequacy of the controls in the system for payrolling electronically and the accuracy of the results. It is also needed to assure maximum efficiency in the operation of the service center which will be processing the biweekly payrolls as well as performing certain other activities.

Plan of Work: It has been estimated that it will be necessary to furnish 510 man-days per year, about two man-years, in order to audit ADP operations of the Office of Management Appraisal and Systems Development. These employees would be assigned to the Management Data Service Center, New Orleans, Louisiana. Through the use of automatic data processing equipment, this office will electronically handle payroll operations of the Department of Agriculture. It is the responsibility of the Inspector General to assure the Secretary that the payroll and related data pertaining thereto is properly safeguarded. In order to carry forth an adequate audit program for this equipment, the services of two highly trained auditors would be required. The New Orleans audit staff, in addition to conducting on-the-spot reviews, will obtain data on trends and patterns as indicated by the ADP system. This will be provided to other segments of the Office of the Inspector General for testing at the source certain aspects of personnel administration, leave administration, and integrity of source documents. These two employees would be the nucleus for the eventual audit of all automatic data processing equipment within the Department of Agriculture, including additional service centers at Kansas City, Missouri, and Washington, D. C. In addition these employees would be sufficiently trained to handle other audit operations of interest to the Inspector General in their areas of location.

(4) An increase of \$26,000 for strengthening management appraisal activities.

Need for Increase: The Office of Management Appraisal and Systems Development is responsible for the general direction, leadership and coordination of management appraisal, systems design, automatic data processing, operations research and management improvement functions in the Department.

The Office is under the general direction and supervision of the Administrative Assistant Secretary. It was established in December 1961 by the Secretary of Agriculture as a direct result of his concern over the rising costs of administrative and operational activities in carrying out agriculture programs. In establishing the Office, the Secretary stressed, and has thereafter consistently emphasized, the continuing need for critical analysis of all program and administrative activities and for aggressive action toward more efficient and economical operations.

The Office places heavy reliance upon task forces, composed of subject matter specialists from the various agencies and staff offices, for the conduct of management surveys and systems analysis. While the task force approach has been generally helpful -- full-time leadership and technical direction of such groups is a practical necessity to ensure the soundness of approach, progress of the work and validity of conclusions and recommendations. Because experienced leadership and guidance has not always been available on a full-time basis -- the reports and recommendations of several task forces have only been marginally useful.

Another important area of this Office's responsibility relates to providing technical guidance to the agencies in the development and use of standards for measuring administrative and program effectiveness. Though

some agencies have developed and use generally reliable measures of productivity -- the employment of these techniques within the Department could be materially improved and greatly extended through an informed and scientific effort. Progress in this area remains slow for lack of adequate staff.

Recently, a Department-wide program was initiated to identify, coordinate and report all substantive management improvement efforts. By means of this system all major improvement projects will be documented and coordinated to avoid a duplication of effort, and to ensure that maximum resources are brought to bear on programs having the greatest potential for the realization of economies and efficiencies. The system will also provide for the dissemination of significant information and promote the widest application of substantive improvement projects. The effective coordination of this project system will require a substantial commitment of staff effort.

Full implementation of the new program for central data processing at New Orleans, Louisiana, will have important implications for the near future activities of this Office. The new data that will result from this new system will require thorough going analysis if the potential of this system is to be exploited -- such analysis will be very requiring of staff time.

Plan of Work: The amount requested would be used to meet the critical deficiency in the present size of the staff. The increase would provide for two management analysts. This is the minimum necessary for the performance of the following functions.

1. Provide leadership, technical direction and coordination to Departmental task forces engaged in surveys and appraisals of existing administrative or program operations. Also, review, evaluate and recommend for implementation findings and recommendations of such task forces.
2. Assist and provide technical advice to agencies in the development of work measurement standards and productivity indices specific to the internal management and operating requirements of individual agencies and provide the analysis effort required to collect and collate all performance data for the use of the Secretary.
3. Coordinate, review, report and lend assistance to all efforts related to the Department-wide management improvement project system.
4. Undertake analysis of all data which results from the new central data processing system for purposes of providing substantive standards for evaluating a range of Departmental administrative and program activities.

(5) An increase of \$25,840 is requested for the Office of Personnel to conduct work surveys and reviews of personnel procedures to improve manpower utilization.

Need for Increase: The size of the Department and the wide dispersion of supervision makes it necessary to comprehensively examine the manpower utilization and personnel operations of the various agencies.

As of June 30, 1962, the Department's employment was 110,511. This is an increase of 25,008 over fiscal year 1955. The majority of these employees were appointed by persons exercising delegated employment authority in the various agencies of the Department, both in the field service and the Washington Metropolitan area. Employees are generally hired on the basis of their qualifications for a specific vacancy at the time of employment. During their period of employment work situations change, their qualifications change because of experience, and in many cases because of additional education acquired. At the present time the manner in which these abilities are utilized is determined to a large degree through the supervisor-employee relationship. The Department feels very strongly that this is not sufficient. A determination needs to be made from a central point whether the Department is utilizing its manpower resources most effectively.

Plan of Work: In order to make these determinations, it is proposed to make manpower utilization surveys of the several agencies of the Department. The addition of two analysts to the staff of the Office of Personnel is necessary to participate in these surveys. These staff members would use job analysis techniques. They would determine the extent to which skills and abilities are utilized. This would involve determining that persons have been selected in a manner that their skills and abilities fit job requirements, and whether the skills which provide a basis for selection and which form the basis for pay are being used. They would determine if agencies have adequate current and projected manpower recruiting and utilization plans. This would be particularly emphasized in occupational areas which are in short supply.

Inquiry would be made as to the need for training and retraining of personnel to meet the needs of new programs or changes in existing programs.

To accomplish these evaluations it would be necessary for the staff to make work surveys in order to obtain a reasonable cross section of an agency's procedures, staffing, and manpower utilization standards. Upon completion of each survey a report would be submitted to the head of the respective agency and to the Office of the Secretary. Each report would contain the results of the review and appraisal of the agency's operations and manpower utilization practices together with appropriate recommendations.

- (6) An increase of \$140,555 for pay costs pursuant to P. L. 87-793 consisting of \$58,000 to provide for full year costs of the first step of the pay increase and \$82,555 for fiscal year 1964 cost of the additional increase effective January 5, 1964. (An over-all explanation of increases for pay act costs is included in the Preface to these Explanatory Notes in Volume 1.)

Improved Organizational Arrangements for
Audit and Investigations, and for Certain
Management Services

In its continuing search for management improvements, the Department periodically reviews existing procedures and organizational arrangements to determine whether or not the most effective and efficient means are being used to carry out the public service objectives assigned to the Department. During the last year, two significant reorganizations were put into effect--the establishment of an Office of the Inspector General to strengthen internal audit and investigative activities, and the establishment of an Office of Management Services to consolidate management support activities for certain small agencies and offices of the Department.

Establishment of the Office of the Inspector General. In enacting the fiscal year 1963 Appropriation Act for the Department of Agriculture, the Congress directed the Secretary to establish an audit unit directly under the Secretary to conduct audits and investigations of programs and activities of the Department, and authorized the transfer of \$225,000 to the appropriation for General Administration from other appropriations available to the Department to finance some of the activities of the new Office. The Congress' directive was carried out through the establishment of the Office of the Inspector General in June 1962, with responsibilities for overall policy, liaison, and coordination of audit and investigative work in the Department, and for conduct of audit and investigation work for the small agencies and offices of the Department which were not covered by an internal audit operation at that time. During fiscal year 1963, \$225,000 was transferred to the account "Salaries and expenses, General Administration" from the following funds:

<u>Appropriation or Fund</u>	<u>Amount</u>
"Salaries and expenses," Agricultural Research Service	\$3,300
"Salaries and expenses," Farmer Cooperative Service	500
"Cooperative extension work, payments and expense," Extension Service	1,900
"Payments and expenses," Cooperative State Experiment Station Service	500
"Conservation operations," Soil Conservation Service	3,700
"Salaries and expenses," Economic Research Service .	4,700
"Salaries and expenses," Statistical Reporting Service	5,700
"Marketing research and service," Agricultural Marketing Service	6,700
"Special milk program," Agricultural Marketing Service	3,300

<u>Appropriation or Fund</u>	<u>Amount</u>
"School lunch program," Agricultural Marketing Service	7,100
"Removal of surplus agricultural commodities," Agricultural Marketing Service	26,400
"Salaries and expenses," Foreign Agricultural Service	1,200
"Salaries and expenses," Commodity Exchange Authority	500
"Expenses," Agricultural Stabilization and Conservation Service	79,000
"Administrative and operating expenses," Federal Crop Insurance Corporation	1,700
"Salaries and expenses," Rural Electrification Administration	1,900
"Salaries and expenses," Farmers Home Administration	19,600
"Salaries and expenses," Office of the General Counsel	1,800
"Salaries and expenses," Office of Information	1,100
"Salaries and expenses," National Agricultural Library	800
"Forest protection and utilization," Forest Service	7,300
"Commodity Credit Corporation Fund," (Limitation on administrative expenses)	45,000
"Working Capital Fund," Department of Agriculture ..	<u>1,300</u>
Total	<u>225,000</u>

In addition, fund adjustments were made between projects within the appropriation "Salaries and expenses, General Administration" to reflect the transfer to the new Office of the Inspector General of personnel investigations responsibilities from the Office of Personnel and the overall audit policy and coordination responsibilities from the Office of Budget and Finance. A total of \$414,655 for fiscal year 1963 (including increased pay costs) is therefore included in the 1964 Explanatory Notes under General Administration for internal audit, inspections and investigations work, as follows:

<u>Adjustments within General Administration:</u>	
Transfer from Office of Personnel	\$132,500
Transfer from Office of Budget and Finance	<u>44,000</u>
Total	176,500
<u>Transfers to General Administration from other funds</u>	225,000
<u>Increased pay costs resulting from Public Law 87-793</u>	<u>13,155</u>
Total	<u>414,655</u>

Subsequent to the above adjustments, the Secretary decided to further strengthen internal audit and investigative activities by transferring to the Office of the Inspector General the responsibility for conducting audit operations in the ten agencies of the Department which previously had conducted their own internal audit operations. On December 21, 1962, the Secretary transferred to the Office of the Inspector General the internal audit staffs from the Agricultural Marketing Service, Agricultural Research Service, Agricultural Stabilization and Conservation Service, Foreign Agricultural Service, Federal Crop Insurance Corporation, Federal Extension Service, Farmers Home Administration, Forest Service, Rural Electrification Administration and Soil Conservation Service. Funds for the expenses of conducting audit and investigation work related to these ten agencies are included in the budgets for those agencies and it is proposed that allotments be made to the Office of the Inspector General to finance the audit of the programs for which the funds are appropriated.

Establishment of the Office of Management Services. Effective February 1, 1963, the Secretary established a new Office of Management Services to provide consolidated management support services to seventeen small Agencies and Offices of the Department. This consolidation is designed to provide greater economy and effectiveness, improved manpower utilization and management techniques, increased specialization of professional skills, and more extensive use of time-saving equipment.

The new Office will provide the following management support services:

Budget, accounting and related financial management services.

Personnel, organization and related services.

Procurement, property, space, communications, messenger, paperwork management, and related services.

Information services.

These services will be provided for the following Offices and Agencies:

Office of the Secretary
Office of Budget and Finance
Office of Hearing Examiners
Office of Management Appraisal and Systems Development
Office of Personnel
Office of Plant and Operations
Office of the Inspector General
Office of Rural Areas Development

Office of Information
National Agricultural Library
Office of the General Counsel
Farmer Cooperative Service
Commodity Exchange Authority
Cooperative State Experiment Station Service
Economic Research Service
Statistical Reporting Service
Staff Economists Group

This consolidation of services does not affect the responsibility of an Office or Agency head for determining the management services required in support of the programs and staff responsibilities under his direction. Accordingly, funds for the expenses of the management support services for these Agencies and Offices are included in the budget under the appropriations and funds financing the other activities of these Agencies and Offices. Management support services will be provided on a service basis, as required, and will be paid for by the agency receiving the services.

STATUS OF PROGRAM

1. Program and Policy Direction

The formulation and direction of policy and programs is carried out by the Secretary of Agriculture, the Under Secretary, the Assistant Secretaries, and Directors, staff advisors, and related supporting staff. Under the direction of the Secretary, the Immediate Office of the Secretary exercises broad executive responsibility for the development of national agricultural policies and the general management of the Department of Agriculture, within the framework of laws enacted by the Congress and regulations promulgated by the President. It coordinates the activities of the Department's constituent agencies into a unified agricultural program, designed to achieve, efficiently, effectively, and economically, the goals for American agriculture established by the Congress and the President. The Department's programs, in turn, are coordinated with the activities of other Government departments and agencies both in domestic and foreign affairs, to ensure consistency in policies and methods in governmental administration.

In fulfilling these responsibilities and obligations, the Immediate Office of the Secretary provides general leadership and direction to the Department's constituent agencies. Agricultural policies and plans are formulated and adapted to the complex changing conditions in the Nation's economy. The progress of agricultural programs is continuously evaluated to ensure that accomplishments are consistent with the Department's prescribed objectives and with established standards of sound management. Program and management problems with special significance and broad implications are given careful attention to assure their constructive resolution in a manner consistent with overall policy.

2. Budgetary and Financial Administration

The Office of Budget and Finance provides general direction, leadership and coordination of the budgetary and financial aspects of USDA programs and activities. Major functional areas include the acquisition, distribution and control of funds; accounting policies and systems; budgetary, financial, and legislative reporting; and the organization and management of these and related activities throughout the Department.

Budgetary Administration. This function involves the annual review and determination of fund requirements for the Department's programs. It is an integral part of the planning process essential to attain objectives meeting public needs. After the enactment of appropriations by Congress, continuing attention is directed to the apportionment and allotment of funds, special financing arrangements for cooperative undertakings, and financial reports of program status. Improvement of the Budget Review Process. Proposals are now under consideration for simplifying current methods of budget formulation and presentation within the Department. This is part of a continuous effort to improve the process of review in the Department to assure a more thorough examination of budgetary proposals and more effective application of resources to programs.

Accounting Systems Improvement. Consultation on accounting matters is a continuous staff service rendered to Department agencies. The Agricultural Marketing Service, the Federal Crop Insurance Corporation, and the Federal Extension Service received technical assistance in revising their accounting manuals for approval by the General Accounting Office. Prospective use of automatic data processing equipment for centralized payrolling has involved extensive procedural changes to convert to computer operations.

Accounting and Fiscal Procedures. Special study is devoted to problems encountered in financial administration in order to initiate corrective action, achieve economies or facilitate program objectives. Selected examples include:

- a. An analysis of mileage and per diem rates authorized for official travel to establish equitable and uniform practices. Appropriate guidelines were issued in the USDA Administrative Regulations.
- b. Payment of telegraph charges, which had involved centralized billing and subsequent allocation of costs among USDA agencies, was simplified by providing for direct billing of the agencies.
- c. Tax exemption certificates attached to purchase orders have heretofore been required to avoid payment of State sales taxes on Federal procurements. With the concurrence of the Comptroller General, steps have been taken to secure State approval of blanket tax exemption certificates. Paperwork involved is being curtailed under procedure whereby the procurement documents will merely cite the reference number of the blanket tax certificate approved by State authorities.
- d. Pilot tests have been initiated to introduce statistical sampling techniques in examination of vouchers prior to certification for payment. If this technique is perfected and approved, it will be possible to reduce to a small percentage the total volume of vouchers requiring detailed review prior to payment. Benefits which would be derived are (1) maintenance of standards with (2) reduction of clerical time spent on voucher examination.
- e. The Treasury Department has approved a proposal made to permit transfers and adjustments involving accounts of a single agency accounting office, without processing documents through Treasury Department regional offices. This procedure expedites the accounting transactions and simplifies USDA and Treasury operations.

Budgetary and Financial Reporting. Financial data on Department operations are compiled for administrative use and serve also to provide information requested from numerous sources. Reports are made responsive to requests from the Congress, farm organizations and trade associations, representatives of the press and other communications media, State officials, and the general public.

In addition to recurring reports submitted to the Budget Bureau, the Treasury Department, and other Federal agencies, special types of service in the past fiscal year included:

- a. Statements of Department activities in each of the States including amounts of funds used and other data pertinent to character and scope of operations.
- b. Compilation of report on payments and receipts by Department agencies according to major purpose for use by Office of Business Economics, Department of Commerce, in a study of sales and purchases in the United States.
- c. Preparation of statements on grants-in-aid to States and individuals, including data on construction activities and other pertinent information on the distribution and matching requirements for grants-in-aid.
- d. Compilation of reports on activities of Department related to support of education and research in educational institutions, and on the manpower and related costs utilized in Department information activities.

Legislative Reporting. The Department submits reports on proposed legislation, as requested, containing recommendations for consideration by the Congress. Similar reports are made on enrolled bills providing information for the President. Staff assistance in developing Department policy and coordinating such reports involves annual work volume as shown below:

<u>Fiscal Year</u>	<u>No. of Legislative Reports</u>
1960	535
1961	702
1962	464

Committee Management. USDA Administrative Regulations concerning advisory committees were revised to conform to Executive Order 11007, issued by the President on February 26, 1962. Action was also taken to extend certain committees formed prior to July 1, 1960, which otherwise would have been terminated on June 30, 1962, under terms of the Executive Order. At the year-end currently authorized public advisory committees numbered 240, of which 56 were national committees while 184 were local or regional groups associated with field activities.

3. General Operations

The Office of Plant and Operations is responsible for the general direction, coordination and guidance of all phases of Department-wide programs in the fields of space, real estate, supply and property management, records management, and provides administrative services for the overall Office of the Secretary and departmental service operations in the District of Columbia. The following represents some of the more significant developments and accomplishments of the Office:

Real Property Management Services: New Construction - This office has had a substantial workload of building construction coordination for the Department. This involves the arrangement for design service through General Services Administration or securing authority for Departmental design of projects over \$200,000; and participation in the review of plans and specifications, award of contracts and supervision of work under such contracts.

The increased workload of road and other minor facility design work has led the Forest Service to rely more and more on General Services Administration administered design contracts for larger projects. The following Forest Service major research projects were designed by private architectural engineering firms under General Services Administration administered contracts and contracts were awarded before June 30, 1962:

Athens, Georgia	\$526,991
Riverside, California	716,120
St. Paul, Minnesota	1,132,300
Fairbanks, Alaska	208,100
Bluefield, West Virginia	348,000

In addition the Forest Service awarded design contracts for smaller research projects at Moscow, Idaho; Bend, Oregon; Wenatchee, Washington; Flagstaff, Arizona; and Bozeman, Montana.

For Agricultural Research Service, data was furnished to General Services Administration to enter into design contracts for research facilities at Sidney, Montana; Florence, South Carolina; and Columbia, Missouri and major construction projects were completed during the year as follows:

Tifton, Georgia	Entomological Research Laboratory
State College, Mississippi	Entomological Research Laboratory
Brookings, South Dakota	Entomological Research Laboratory
Logan, Utah	Crop Research Laboratory

Those under construction or contracts awarded at the end of the year were:

Auburn, Alabama	Engineering & Tillage Lab.	\$ 303,000
Washington, D. C.	National Arboretum Admin. Building	1,315,000
Gainesville, Florida	Entomology Research Lab.	739,685
Athens, Georgia	Poultry Laboratory	823,502
Ithaca, New York	Soils Laboratory	441,000
Bushland, Texas	Soils Laboratory	213,250

Acquisition of Space and Administrative Real Property - The Department continued its careful screening of properties to determine that those not required were reported as excess. During the year we reported 5 parcels of real property, at a cost value of \$87,449 to the General Services Administration for disposal. In addition, agencies disposed of under authority delegated to the Department by General Services Administration 329 lots of real property, having a cost value of \$667,787. Most of these properties were telephone lines outmoded by newer forms of communication, or buildings which had outworn their usefulness. \$24,290 was received in return for the sale of these properties.

During the year 9 parcels of land, containing 1,031.1 acres, were acquired from other Federal agencies. A significant development was the approval by the General Services Administration and the Bureau of the Budget for the transfer of certain lands within the exterior boundaries of National Forests to the Department without reimbursement of cost.

Assignment and Utilization - During the year, in cooperation with General Services Administration, work was completed on Occupancy Guides for the Forest Service, Federal Crop Insurance Corporation, Office of the General Counsel, Agricultural Marketing Service and the Federal Extension Service. These Occupancy Guides provide recommended space allocations to meet the needs of offices of the Department. Through this means uniformity in space assignment is provided, and both the General Services Administration and the Department officials have a common ground on which to meet and discuss space problems.

Consolidated Housing - On February 2, 1962, the Secretary of Agriculture reaffirmed the Department's policy of providing consolidated housing facilities for Department agencies. This reaffirmation was accomplished by a stepped-up effort to provide not only one point of contact for farmers, ranchers, and other members of the public but also to make available opportunities for consolidated common services. This stepped-up consolidated housing and common services program got underway at the end of the year.

In the field, State Administrative Committees were formed and have had their first meeting. These Administrative Committees are responsible for the on-the-ground handling of problems incident to consolidated housing and joint common services.

During the fiscal year several consolidation projects were completed, others were under firm contract and still others were pending. Completed projects included:

1. Space upgrading at Morgantown, West Virginia for the State Offices of Farmers Home Administration, Agricultural Stabilization and Conservation Service, and Soil Conservation Service.
2. Federal building occupancy at Little Rock, Arkansas for the State Offices of Farmers Home Administration, Agricultural Stabilization and Conservation Service, Soil Conservation Service, Animal Disease Eradication of Agricultural Research Service, and other units of Agricultural Marketing Service and Agricultural Research Service.
3. At Temple, Texas consolidated offices were provided in a new leased building for the State Office of Farmers Home Administration, Regional Office of the Office of the General Counsel, and Area Audit and Investigation offices of Agricultural Stabilization and Conservation Service.
4. In addition, arrangements were made to house the Departmental Data Processing Center in the Wirth Building in New Orleans, Louisiana ASCS Commodity Office.
5. Federal Building occupancy at Richmond, Virginia for State Offices of Agricultural Stabilization and ~~Conservation~~ Service, Farmers Home Administration, Soil Conservation Service, and units of Agricultural Marketing Service and Agricultural Research Service.

Projects in process at the end of the year included:

1. A firm contract for a Center at Kansas City, Missouri to house the Commodity Office, Data Processing Center, Area Administrative Services and Area Personnel offices of Agricultural Stabilization and Conservation Service, the Regional Office of the General Counsel and the Branch Office of the Federal Crop Insurance Corporation.
2. At Alexandria, Louisiana a bid was in process of being accepted for a new building to house the State Offices of Agricultural Stabilization and Conservation Service, Farmers Home Administration, Soil Conservation Service and Statistical Reporting Service.
3. At Orono, Maine arrangements were completed for a building on the campus of the University of Maine to house the State Offices of Agricultural Stabilization and Conservation Service, Soil Conservation Service and the Farmers Home Administration, a Forest Research Unit and an Entomology Research Office of Agricultural Research Service.
4. At Montgomery, Alabama a General Services Administration executed lease contract will provide more suitable space for State Offices of Agricultural Stabilization and Conservation Service, Farmers Home Administration and Statistical Reporting Service, units of Agricultural Marketing Service and the Area Audit Office of Farmers Home Administration.

District of Columbia Activities - Renovation work on the buildings occupied by Agriculture agencies continued with the completion of the air conditioning in the Liberty Loan Building and of part of the Auditors Building. The Department, in addition, has requested General Services Administration to finish the air conditioning of this building but electrical power shortage has prevented it.

Work continued on the Agriculture Annex and on the sub-central air conditioning plant which provides 24-hour service for such facilities as the Auditorium, Motion Picture Laboratory and similar Department-wide facilities.

Real Property Reports - Reports at the request of other Executive Agencies and the Congress continued to require considerable effort. At the request of General Services Administration and for use by the Department of Health, Education and Welfare, a Waste Water Survey Report was completed.

Pending at the year end was a new report on legislative jurisdiction over Federal Lands being made at the request of General Services Administration for use by the Department of Justice. This report will update one previously made and is necessary in connection with studies looking toward legislation on the problem of exclusive and concurrent jurisdiction.

In addition to the special space reports, the regular inventories of Owned Real Property and Leased Real Property under the control of the Department was furnished to the General Services Administration. The owned inventory revealed that the Department had 186,412,714.4 acres of land of which 26,048,938.4 acres were acquired and the balance public domain. The cost of the acquired lands was \$1,333,690,000. On this land there are improvements valued at \$1,141,352,000 which includes a total of 22,593 buildings, containing 21,487,278 square feet of space.

The lease inventory reveals that the Department has under its control 3,986 number of leases. These leases cover 3,362,368 square feet of space and 49,808.4 acres of land, at an annual rental rate of \$3,925,377.

At the request of the House Committee on Government Operations the valuation of the public domain lands was up-dated and this reveals that there are 160,363,776 acres of public domain land, having an estimated current market value of \$6,562,985,000. This total shown is exclusive of the cost of improvements on such lands.

Procurement and Personal Property Management Services: Immediate and long range goals of the Department in the broad field of procurement, contracting, supply, transportation, and personal property management, to improve policies, methods and techniques of operation, were pursued throughout the year in cooperation with Department agencies and other Federal activities. This involved a positive program of identifying areas where management functions were most in need of improvement. Identification techniques included, among other, (1) formal surveys of total agency procurement, contracting, supply and property management activities, (2) inspections of agency field offices, (3) participation in GSA surveys of Department supply and property activities, (4) review of agency reports such as annual procurement, supply activity and motor vehicle reports, and (5) suggestions reviewed from the agencies.

Supply management surveys of three agencies headquarters offices at Washington, D. C., were made during the year to (1) determine whether operations are conducted efficiently and economically, (2) appraise supply management programs and practices and assist the agencies in improving operations, and (3) to test the soundness of policy and procedures issued by the Department, by reviewing the effects on operations of the agencies.

Inspections of 44 field offices of the various agencies were made during the year, to determine the effectiveness of procurement, supply, and property methods and techniques and compliance with laws and Department and agency policies and procedures. These supply management surveys and inspections have resulted in improvements in efficiency and economy of operations.

The office handled four appeals to the Secretary from contracting officers' decisions received during the year. This involved arrangement for appointment of Boards of Contract Appeals by the Secretary, scheduling of Board meetings, and otherwise coordinating the conduct of the hearings.

Departmental regulations implementing Executive Order No. 10925 on equal employment opportunity by Government contractors were developed, approved by the President's Committee on Equal Employment Opportunity, and issued for guidance of Department contracting officers. A staff member worked with the General Services Administration and the President's Committee, as part of a special task force to develop rulings and interpretations as to the applicability of the Executive Order to certain types of contracts.

Departmental regulations were developed and issued implementing Executive Order No. 10936 and GSA regulations on the reporting of identical bids and

suspected antitrust violations. Also, the office worked with Agriculture agencies and the Department of Justice in developing simplified reporting systems.

The office continued to participate with the Small Business Administration in developing ways and means to assure that small business concerns receive an increasing share of Federal procurement. The percentage of the Department's procurements going to small business concerns has increased from 65% to 74% of our total procurements over the past six years.

Departmental regulations were implemented to reflect current policies and procedures on placement of contracts to aid persistent and substantial labor surplus areas, and to afford small business and labor surplus area concerns an equitable opportunity to compete for subcontracts.

Departmental regulations were rewritten to prescribe policies and procedures for use in the negotiation of contracts, including establishment of contract cost principles for use in negotiation, administration, and termination of contracts. Also, the regulations were rewritten to revise negotiation policies and procedures for contracts negotiated pursuant to the Research and Marketing Act of 1946, including new contract forms and authorization to use cost-reimbursement contracts under certain circumstances.

A number of arrangements with the General Services Administration were concluded during the year for inclusion in the Federal Supply System of items of common use which heretofore had been obtained in the open market. These arrangements have resulted in significant economies as well as providing better service to Department agencies.

A staff member served as Departmental Technical Representative on Standards and participated in the activities and meetings of Federal standards representatives sponsored by the General Services Administration. Studies and recommendations by the technical representatives on standards have resulted in improved quality control and better supply products at less cost. Also, the office coordinated with the various Department agencies and the General Services Administration the development and review of Federal Specifications and standards promulgated during the year.

"Selling to U.S.D.A.," a pamphlet providing general information on Department agencies and programs and what is purchased in the way of equipment, supplies, and services, to assist industry in doing business with the Department, was substantially revised and updated during the year.

Transportation and traffic management guidance, assistance and training were provided to agency personnel during the year. The office continued to coordinate a series of GSA sponsored seminar-workshops on traffic management for agency employees. Assistance to the agencies increased during the past year, primarily in the area of foreign shipments.

A staff member assisted in GSA sponsored interagency and industry seminars on motor vehicle operations and management held at Denver, Colorado, and Omaha, Nebraska, and presented a paper on vehicle management policies in the Department. Also, during the year, the Office participated with GSA on six interagency motor pool studies to determine the extent to which Department vehicles should be included in the proposed pools.

A directory of Department field motor vehicle inspection, service and repair facilities was developed and issued, after concluding arrangements with the agencies operating the facilities to perform maintenance and repair services for other Department agencies to the maximum extent practicable. This arrangement contemplates maximum use of Department maintenance and repair facilities, as well as economies and improved service to the small field stations scattered throughout the country.

Assistance was provided to Department agencies throughout the year in coordinating with the National Buying and Standardization Division of GSA motor vehicle requirements deviating from established purchase standards and specifications. A total of about 4,000 replacement vehicles were purchased during the year.

Agency annual motor vehicle reports were analyzed to (1) determine reasonableness of operating and maintenance costs, (2) compliance with acceptable utilization standards and (3) fleet upgrading within established age/mileage replacement standards. Deviations from acceptable norms were reviewed with the agencies to assure a high degree of fleet readiness, efficiency, and economy of operation. The Department operates approximately 26,000 vehicles, exclusive of GSA pool vehicles and commercial rentals.

The Department's excess property pool and the Area Equipment Committees achieved utilization by the various agencies of personal property with an inventory value of \$338,000 that was declared excess by other Department agencies. Also, the office coordinated the Department-wide program of utilizing available excess of other Government agencies. Excess property thus obtained during the year amounted to approximately \$22,000,000 at original acquisition value.

Records Management - Effort was continued to reduce or contain the level of records holdings for the Department. The biennial summary for June 30 showed an overall increase of 26,000 linear feet; however, in the same period, the amount of records per individual employee decreased slightly, from 8.9 feet to 8.2 feet. The Department total now is 910,845 linear feet.

Non-record material is believed to occupy as much, or more, office space and equipment as the current 900,000 feet of record material. It is believed that employee education can reduce the amount of non-record material, particularly that in files. A workshop was developed and tested for teaching employees the legal distinction between Government record, and non-record materials. Work will continue during fiscal 1963 to improve the presentation and initiate a series of workshops.

Correspondence Management - Three Departmental supplements to the Government Correspondence Manual were issued, and a training workshop was held to acquaint agency officials with the Manual and supplements. A staff member gave a talk to the Interagency Records Administration Conference on USDA's Speed Memo, Form AD-311, and on the use of the endorsement method of answering correspondence. In the latter, brief replies are written directly on the incoming letter and it is returned to the sender, instead of preparing a separate reply. Both devices are designed to speed up Department correspondence preparation. Several Federal agencies have asked for samples of Form AD-311 and the directive which explains its use.

Directives Management - A special workshop program was launched to teach writers of policy and procedure in the Department how to produce written instructions that are shorter, simpler and easier to find and read. The Workshop emphasizes the cost aspects of directives, particularly the hidden costs of reading and using by thousands of employees. Students are given opportunity to improve their own agency's issuances and are shown how to calculate costs and the value of improvement. The average directive improvement achieved in workshop practice has exceeded 25% in terms of cost. During Fiscal 1962, eight workshops were conducted for 132 writers from 14 agencies. The Workshops will be continued during the next year, until all agency and staff office needs have been met.

Development was started on a Directives System Appraisal Workshop to improve agency directives systems and services throughout the Department. The Workshop lists over 100 technical features that have been found to typify the best policy and procedural issuance systems in the Federal Government. The listed features are grouped under governing functions or objectives, and provide a basis for intensive review and analysis of their own agency systems by students.

4. Internal Audit, Inspections and Investigations

The Office of the Inspector General was established June 25, 1962, for the purpose of advising the Secretary and his principal staff officers in the development and planning of Department-wide policy and programs. This office will develop, direct, implement and coordinate internal audit, inspection and investigative policies, plans, and programs and conduct follow-up to insure that highest standards in these areas are maintained. The major areas of responsibility are as follows:

- a. Policy and Direction Develops long-range and current policies, programs, procedures, and standards relating to the conduct of all Departmental internal audit, investigation and inspection activities. Directs necessary audit, investigative and inspection activities. Works in close cooperative effort with Department officials in the development of program and management techniques designed to insure administrators that program direction and operation are conducted effectively and efficiently.
- b. Technical Assistance Develops plans and methods, and implements inspection, audit and investigation programs to assure the application of high standards in the placement and training of internal audit, investigative, and inspection personnel. Develops and implements methods of evaluating internal audit, investigative and inspection staff performance and provides assistance with training and recruitment of qualified personnel.
- c. Review and Appraisal Maintains an effective system to promptly apprise the Secretary and his immediate staff of significant information developed as a result of audits, inspections and investigations conducted by the Inspector General's Staff, Congressional Committees, General Accounting Office and others. Maintains a system to promptly refer audit, inspection and investigative findings and recommendations to the proper agency executive to assure remedial or preventive action

is taken where necessary. Provide a system coordinating audit and investigative matters within the Department. This will include control over audits and investigations to prevent duplication of effort and to assure a flow of information between audit and investigative staffs interested in the same subject.

d. Special Audits, Inspections and Investigations Conducts such special audits, inspections and investigations as may be requested by the Secretary or the Inspector General. Conducts additional inquiries beyond those made by agencies or outside fact-finding bodies for supplementation and/or verification of reported findings. Conducts special inquiries resulting from information secured from correspondence alleging wrongdoing, from reports received from the General Accounting Office, Justice Department, investigative Committees of Congress, members of Congress, and any other source, and in all other instances where the Inspector General and/or the Secretary determines such inquiries as necessary.

e. Liaison Maintains internal and external liaison and effective contact with the Office of the General Counsel, Departmental staff offices, and Justice Department, General Accounting Office and other agencies of government, with respect to matters of mutual interest concerned with Departmental audits and investigations.

Internal Audit. Prior to June 25, 1962 staff services in the internal audit area at the Departmental level were carried out by the Office of Budget and Finance and involved policy guidance and technical assistance to agencies responsible for comprehensive audit of their financial, operational and administrative functions. Liaison and coordinating services were provided with respect to audits and investigations of the General Accounting Office. Advice to Department officials concerning audit disclosures and recommended action was also provided.

Developments of major importance during fiscal year 1962 included:

a. Special Surveys. Investigations of special program situations were conducted in three agencies of the Department for the Office of the Secretary.

b. Program Review. A study was made of all internal audit and program investigation activities within the Department to determine (1) policy on possible centralization of these functions, (2) ways to improve effectiveness and secure greater coordination, and (3) thoroughness of follow-up action on reported findings.

c. Interagency Coordination. In several program areas involving more than one agency, negotiations were undertaken to delineate audit responsibilities. Examples include: (1) agreement between the Agency for International Development and USDA agencies concerning foreign food donations (P.L. 480, Title III); (2) agreement between the Foreign Agricultural Service and the Agricultural Stabilization and Conservation Service concerning barter transactions for stock-piling of strategic materials, and sales abroad of surplus commodities

from inventories of the Commodity Credit Corporation; and (3) agreement between Agricultural Stabilization and Conservation Service and the Federal Extension Service as to a division of audit responsibilities in Alaska.

Investigations. Prior to June 25, 1962 departmental staff services in the personnel investigations area were carried out by the Office of Personnel. During fiscal year 1962, action was taken on 1,243 requests to approve applicants prior to employment. Implementing instructions were prepared for new and enlarged delegated authorities as recommended in the Personnel Policy Review Meeting. 801 actions, taken under delegated authority, were post audited.

Regulatory material was distributed with instructions and advice on Executive Orders dealing with employee-management relations, conflict of interest, and adverse action appeals. Investigations in cooperation with other Government agencies and investigative and internal audit offices in the Department extended into joint program operations of various agencies. This material was coordinated for the Office of the Secretary and Congressional and other designated agencies.

Centralization of Internal Audit and Investigative Activities. Subsequent to the establishment of the Office of the Inspector General on June 25, 1962, the Secretary by his Memorandum No. 1524, dated December 21, 1962, transferred all internal audit and investigative activities of the Department to the Office of the Inspector General. This transfer is designed to provide essential flexibility, maximize effectiveness of the audit and investigative functions, and serve all levels of management in the Department.

5. Management Appraisal and Systems Development

The Office of Management Appraisal and Systems Development provides general direction, leadership, and coordination in the Department for management appraisals, systems design, automatic data processing, operations research, and related management techniques. This Office is responsible for initiating appraisals of operating procedures, directing task force studies of systems having Department-wide implications, and providing technical guidance and assistance to agency officials in planning and developing management policies, programs, and systems to achieve maximum effectiveness and economies. The following represents some of the more significant developments.

a. Development of MODE. MODE stands for the Management of Objectives with Dollars through Employees. The basic concept of MODE is that the objectives of the Department of Agriculture can be realized more effectively through the use of an automatic data processing system.

Personnel functions currently are performed in 130 offices. Payroll operations are conducted in 87 offices. Reports from these offices must be compiled to furnish data on the Department's activities. MODE will permit payroll and reporting from one office. Initially, the cost of servicing the Department's employees will be reduced. Secondly, the key data for analysis of the Department's objectives and accomplishments will be available within the data processing system. Reporting from one central office will eliminate 17,000 reports.

The total MODE system is expected to be in operation three years after the date of initial development. However, the installation will be phased in and benefits will be realized earlier.

In January of 1962, a group of programmers and systems analysts were assembled. Under the direction of OMASD the analysts studied the systems, the needs and the document processing activities in all agencies of the Department. A preliminary ADP system including record content was developed from these studies. This preliminary data has been reviewed with agency representatives and the system development is continuing.

b. Management Improvement Project System. Staff planning and analysis was performed for a new Management Improvement Project System. OMASD compiled present and potential projects within the Department and placed this compilation under central direction. The Office of Management Appraisal and Systems Development functions as the project control center. Through coordination of effort, the Department will conserve manpower by eliminating duplicate studies and will focus effort on projects with the greatest potential. The findings and results of studies will be appraised and wide application will be encouraged. Reports of progress or status will be distributed to stimulate new ideas and to facilitate further studies. The primary objectives of this program will be to secure maximum productivity and efficiency, eliminate overlapping and duplication, evaluate program effectiveness, seek new and better methods of conducting operations, improve services and reduce expenditures.

c. Contracts for ADP Services. Outstanding Automatic Data Processing contracts were inventoried in January of 1962. On an annual basis, over \$600,000 was spent for ADP work with private firms - yet time was available on USDA owned equipment - extra shift time was available at USDA installations at less than commercial rates.

Existing contracts on over 50% of outside work expired on June 30, 1962. July 1, 1962, \$300,000 of this work was started on USDA owned 705 III computer. Net cost will be reduced and part of the \$300,000 will apply toward recovering purchase costs of the computer.

An experiment is being conducted to find out whether or not it is feasible to have a private concern write programs - at remote locations - for processing field research data at one of the USDA data processing centers. If successful, this will increase the research which can be accomplished per dollar expenditure.

All proposed contracts for ADP work are now reviewed in the Office of Management Appraisal and Systems Development. Maximum utilization of Department equipment and technical personnel is the objective - savings are being effected.

d. Information Retrieval System. For the National Agricultural Library a Task Force was established to study the feasibility of developing an information storage and retrieval system. Research including research in Agriculture, is one of the mightiest tools for

maintaining American leadership and well-being in industrial, biological, economic and other fields of national endeavor. Next to the scientists, the availability of information is the most important factor in research. The National Agricultural Library has the responsibility for providing agricultural and biological information on a national basis and plays a critical role in effective research programs.

In recent years there has been an explosive growth in the quantity of scientific literature. There has been a simultaneous demand from scientists for exhaustive literature searches as well as requirements for information existing in numerous scientific fields, and in a variety of languages.

Conventional library techniques are no longer adequate to meet the needs. The solution lies in the development of new systems involving the use of electronic data processing for information storage and retrieval. The Task Force is exploring every aspect of the National Agricultural Library's operations to determine the feasibility and desirability of such a system. This will be one of the most exhaustive studies ever made of a major research library.

e. Mailing List Study. Over 1800 separate mailing lists are maintained in the Department in Washington, D. C. At least 15 days are required to change a list - add a name, cancel a request, or correct an address. A separate change is required for each list. A new need requires a new list or the use of several lists to get complete coverage - but with excessive mailings.

A task force studied the problem. Cost and statistical data were computed; equipment was tested; solutions to similar problems in government and industry were observed. A system was designed - the concepts were approved.

The new system, upon installation, will provide: one-day service on changes; one record per name - regardless of the number of lists the name is on; capability to generate lists for special uses from names on existing lists; one contact per name to circularize lists; availability of lists and names on a Department basis.

f. Mail Study. A task force studied the Washington, D. C. mail operations. The study looked into the problem of slow service, particularly after the heavy week-end mail, and into the large requirements for space and personnel. Approximately one in 40 persons are engaged full-time in handling of mail. Over 52,000,000 pieces, including internal mail, are handled annually. This requires 189 man years and 22,055 square feet of space.

Because of the problem in the delivery of week-end mail several agencies have rented post office boxes to be used exclusively for mailings from field offices of such items as time and attendance reports. This practice was initiated to get around the week-end jam.

It is believed that service can be improved substantially and that the space and personnel required in mail operations can be reduced. The final report and recommendations of the task force were completed in July 1962.

g. Integrated Data Processing. A task force was established to study the current and potential uses of IDP equipment in the Department. IDP equipment is that which produces as a by-product of one operation a punched paper tape or punched card which may then be used in subsequent operations. This type of equipment permits elimination of the duplicate effort in creating additional documents or records.

The task force will set standards for the acquisition of such equipment in order to achieve a greater degree of compatability within the Department. The objectives will be to provide the means for more efficient service with greater flexibility in absorbing peak loads. The final report and recommendations of the task force will be completed in the 1963 fiscal year.

h. Assistance to Agencies. The Office of Management Appraisal and Systems Development undertook the training of certain employees of the Federal Crop Insurance Corporation. The purpose of the training and related assistance was designed to develop an Automatic Data Processing "know how" in an agency with no previous computer experience. The FCIC office is being moved from Chicago to Kansas City for the purpose of utilizing a Departmental computer to be installed in Kansas City. This move was a result of a task force management survey in December, 1961. The training program is the first step in developing within FCIC the knowledge necessary to utilize a large scale computer.

6. Personnel Administration

The Office of Personnel provides general direction, leadership and coordination of the personnel management program of the Department. This program includes organization; classification and standards; salary and wage administration; examinations and employment; personnel and records security; standards of employee conduct; discipline, employee relations; appeals; employee development; health, safety and welfare; incentive awards; employee-management relations; legislation; personnel research; employee fringe benefits; inter-group programs; and other personnel activities. The Office promulgates departmental policies and procedures relating to these functions; delegates specific personnel authorities to agency officials; and coordinates a review program to evaluate the effectiveness of agency personnel programs and to advise and counsel these officials in the exercise of their authorities within prescribed policies, rules and regulations of the Department and the Federal Government. It also serves as the liaison office on matters of personnel administration with all government or private agencies concerned with the work of the Department.

Among the significant developments during the past year and future plans are:

Program Planning: It is the purpose of the Office of Personnel to provide that leadership, initiative, and technical direction to the management of personnel which will be most responsive to the needs of the operations of the Department. To do this, planning has become of major importance. Projected work plans have been developed for each function and activity of the Office. These work plans have been placed in the hands of all Washington and field agency personnel officers, and are expected to serve three purposes:

1. Serve as basic plans for the Divisions' operations.
2. Assist with the coordination of functions within the Office of Personnel.
3. Provide the agencies with a better understanding of what those in the Office of Personnel are thinking and doing to the end that it will soon serve as a system for coordinating the plans of the Office of Personnel with those of the agencies.

This is the first attempt at formal over-all work planning by the Office of Personnel. Although this first effort leaves room for improvement it serves as a better basis for determining the manpower, money and materials needed by the Office of Personnel to give the leadership, direction, and coordination in personnel administration.

Basis for Work Plans: Upon entrance on duty July 7, 1961, the Director of Personnel put into motion the following steps:

A survey (10,000 questionnaires) was made of employee reaction to the then current personnel policies.

Agency heads were asked to secure from their line and staff officials a list of policy and program changes needed.

The Director met individually with eight agency heads and six deputy administrators for management during July and August 1961, to get their candid views on what the Office of Personnel should do to provide the needed leadership.

The Director began a practice of periodically meeting in "closed" sessions with a small group of personnel officers who knew the "pulse" of conditions and were willing to "level" on matters which needed attention.

The results of these efforts became the basis for a "Personnel Policy Review Meeting." More than 100 carefully selected staff and line officials and representatives of employee organizations representing all facets of the personnel management needs were mobilized into study groups to analyze and study major problems. The five day Personnel Policy Review Meeting, held at Philadelphia September 25 - 29, 1961, provided the forum for final debate and majority agreement on 132 recommendations for changes. There has been a continuing effort to study and put into effect these recommendations. An evaluation Committee is actively reviewing and evaluating the results and pointing out changes still needed.

Promotion of Equal Employment Opportunity: The Office of Personnel has taken part in all regional conferences held by the President's Committee on Equal Employment Opportunities. A special two day conference held by the Department of the deans and directors of agriculture of the Negro land grant colleges proved extremely helpful in bringing about a better understanding of the needs for personnel. The Office has made frequent contacts with Negro colleges and provided printed materials on recruitment needs.

This function has been considered of sufficient importance to establish a position for the specific purpose of handling intergroup relations.

Inspection Coordination: As an outgrowth of the Personnel Policy Review Meeting of September 1961 the Inspection Program of the Office of Personnel and the Departmental Regulations pertaining to it have both been modified. Minimum standards of quality and frequency have been established. Each agency will henceforth conduct a more formal inspection with reports to the Director of Personnel. Specialists of the Office of Personnel will be available for functional inspections of field establishments. Each agency will prepare an annual plan of inspection and forward it to the Office of Personnel in order that its inspection may be coordinated with those of the Office of Personnel and the Civil Service Commission. This more formal annual approach will provide closer coordination of effort in meeting program goals.

Employment-Management Relations: The Department was the first Federal agency to grant exclusive recognition to an employee organization and also the first to sign a collective bargaining agreement with a union. Plans of the Office of Personnel call for a continuing active program of implementing the President's Executive Order 10988 by: Keeping officials and employees informed of the general policies; train agency personnel officers who administer the programs; recognize employee organizations that request it and are eligible for it; and do business with employee organizations under the terms of the order. At the end of Fiscal Year 1962, recognition had been granted to employee organizations representing approximately 25,000 USDA employees.

Position Classification, Pay Management, and Occupational Standards Activities: On the occupational standards function, demands for advisory service and for preparation of guides and reports have increased. The Civil Service Commission in the past six months has called on the staff to participate in or consult with it on standards projects at least once a month. The staff completed fact-finding, review, and analysis work in response to such requests on 11 occupational standards drafts and on a draft of proposed new series definitions and codes for wage board jobs during fiscal year 1962. It completed basic development work on two internal classification guides and three wage board evaluation standards in cooperation with the agencies requesting these standards during the same period. It also developed nine new or revised qualification standards and seven rating schedules for Civil Service Commission approval. Developed five qualification standards for applicants for positions exempt from the competitive service, and reviewed nine requests for a waiver of qualification standards for such positions.

Examination and Employment: During the past fiscal year the Office made the following accomplishments in this area of responsibility:

Published the booklet "Career Opportunities in the Department of Agriculture" which included a summary of the Department's needs for college level talent. A distribution of 4000 copies was made to college advisors, placement directors and other individuals furnishing counseling service to college level people. The college recruitment exhibit was scheduled and arranged for display at many of the colleges throughout the United States.

Directed the operations of the boards of examiners for the Department which processed 29,529 applications and certified candidates to fill 4,344 jobs.

Served as a central interview and referral service to agencies of the Department and conducted 2,658 interviews, developed letter responses to 2,029 applicants and responded to 2,236 inquiries by furnishing published materials. In addition, participated in the development of White House seminars and USDA seminars for 570 student summer employees.

Proposed and developed a task force approach to afford greater opportunities for agriculturally trained personnel for assignment across Department lines to such agencies as the Agency for International Development, Peace Corps and the Department of Agriculture based on the Federal Agricultural Requirements for Manpower program.

Participated in and prepared information for the Land Grant College-Department of Agriculture Committee on Training for Government Service and the special meeting of presidents and deans of agriculture from 17 Negro land grant colleges.

Health, Safety and Welfare: These activities were combined in December 1961 to bring together allied functions. During the current fiscal year the following accomplishments were made. The various Health Units cared for some 90,000 employee visits and administered 10,000 immunizations. Active education, examination, and counseling services were rendered. Some 20 field trips providing inspection, consultation and training services were made. A total accident reporting system became effective January 1, 1962 to find and correct accident causes. A Department Safety Advisory Committee was formed and problem areas explored. Federal safety, medical and fund raising organizations were supported. The President's Policy on Employment of the Handicapped has been supported. A pre-retirement program has been launched. Commuting transportation and other employee needs have been worked with. Publications to supervisors and employees on safety, health and welfare areas have been issued.

The Office is constantly striving to reduce accidents and injuries, the cost of which has risen steadily, through complete reporting, improved organization and education; to improve work production through regular health examinations, increased health education, continuing supervisory training, and to improve and safeguard working conditions; to promote and coordinate those employee services which will increase work output; to promote retirement planning as a natural step in employee careers; to support 31 active USDA Clubs and help form new ones (four this year).

Departmental Management Intern Program: The need for replacements at the middle and top management levels is constantly occurring. Thus there is a continuing need for young employees with the ability to move rapidly into these positions. To help meet this need the Office has secured CSC approval of a Departmentwide Management Intern Training Agreement. To date we have recruited and placed in agencies 11 M.I.'s under the provisions of this program. This exceeds last year's activity, and we are currently recruiting for 18 additional positions requested for Department agencies.

The program involves weekly seminars scheduled and conducted by the Office commencing in September 1962 and extending through June 1963, plus a three-month rotation for all M.I.'s coordinated through this Office. Fiscal Year 1964 should involve 40 to 50 M.I.'s in the seminar program and recruitment efforts of the Office.

Public Law 85-507 (Government Employees Training Act): The continued utilization of the Training Act and increased training opportunities require three to four publications to agencies per week. The Department's expenditures for training in non-government facilities are rapidly approaching the half-million dollar mark. Special fellowships and awards have increased over double those of the previous year, all of which are scheduled and coordinated through this Office. This program is one of a continuing nature which has expanded each year and will continue to expand in scope and operation as the need for training USDA secretaries, supervisors, middle managers, and executives increases.

Supervisory and Middle Management Training: The objectives of this program are to provide the agencies with better and more economical training and to promote greater supervisory awareness in the Department as a whole. A survey of agency training programs has indicated an immediate need in this area. An increased number of agencies have requested assistance in conducting an inter-agency program. Special steering committees and task forces will be appointed to work with this Office in developing standardized courses for supervisory and middle management training. An estimated 43,000 employees would be involved in this program. A comprehensive evaluation procedure is being developed which will require on-the-spot checks of agency programs and continuing assistance with interagency activities. This program is designed to prevent duplications and overlaps in some agencies as well as to make training of a desired scope and quality available to other agencies. This Office will coordinate the program, provide leadership, and will cooperate with all agencies involved.

Communications: The Office has initiated a program of publishing periodically information concerning training opportunities. These publications are printed on a monthly schedule and distributed to over 200 units throughout the Department. Training hints in the form of "Tips on Personnel Management for Supervisors" and "Keeping in Focus with Personnel Management Tips" are coordinated through this Office and are distributed on a monthly basis to 23,000 Department supervisors. The Office provides leadership in the preparation of correspondence courses in the administrative and professional fields.

Employee Incentive Awards Program: The objectives of this program are to encourage employees to participate in improving economy and efficiency in government; to recognize and reward employees for outstanding contributions to government economy and efficiency. This program involves employee suggestions, cash awards, honor awards, and outside recognitions. The Office is responsible for administering, making policy recommendations, interpreting regulations, reporting, reviewing, and promotion and publicity of the Departmentwide program. The number of awards and suggestions have increased over the last two years; for example, the Secretary presented a \$4515 cash award that resulted in nearly 4 million dollars savings. Statistics compiled for fiscal years 1960 and 1961 follow:

Fiscal
Year
1960

Fiscal
Year
1961

Employee Contributions

Suggestions:

Number received	5,129	6,124
Number per 1000 employees	67	77.5

Cash Awards

Number granted	3,200	3,305
Amount granted	\$401,665	\$412,327
First year dollar benefits	\$695,609	\$4,801,968

Secretarial Training: The objective of this training program is to increase the efficiency of the Department. This involves in-service training programs for secretaries, stenographers, typists, and other clerical employees to better equip them for the effective and efficient performance of their duties. This training meets a real need in that it supplements the individual's basic skills and is job-oriented and intensified than that of the general training program. The Office makes plans, cooperates in the provision of materials, equipment and space, and assists in selection of instructors and consultants as needed.

Organization Planning and Control: Since December 8, 1961, the date on which the organization function was transferred to the Office of Personnel a total of 27 functional charts reflecting organization realignments and/or changes were reviewed, analyzed and approved. The review of these proposals involved negotiations with other Departmental Staff Offices as well as the agencies. The analysis included also a determination as to the impact of organization changes on grade structure and staffing.

Case Review: There were 649 prior approval cases (exclusive of training and awards) processed by one division of the Office of Personnel during fiscal year 1962. Although this will be reduced some by the further delegations, a heavy workload still exists in: Processing individual actions remaining for prior approval; assisting agencies with problem cases; submitting urgent cases to the Commission; investigating and processing employee grievances and appeals, and analyzing prior approval actions to develop basis for further delegation of authority.

Grievance Appeals: Complete analysis and investigation of grievance appeals in approximately 30 cases was accomplished. Under the new regulation governing grievance appeals, employee and action coverage has been extended and it is anticipated that activity in this area will increase during FY 1963.

Policies, Rules and Regulations: The issuance by the Civil Service Commission of National Emergency and Disaster personnel regulations necessitated the development and issuance of supporting Departmental Regulations which was accomplished during the past fiscal year. These regulations are designed to place in the hands of authorized individuals instructions for meeting staffing and survival problems in advance of the need.

Review and Adjudication: Listed below is a workload analysis chart depicting the volume of activity in this area during Fiscal Years 1962 and 1961.

Activity	Case Volume	
	F.Y. 1961	F.Y. 1962
Security Clearance Issued	509	664
Security Clearance actions processed	521	778
Clearance Certifications to other agencies	1000	1441
Foreign Travel and International Conferences	804	758
FBI Name Checks	780	837
Advisory Committee Name Checks (Since 9/61).....	--	1083
Training Act clearances	100	123
Security Clearances cancelled	325	491
Investigation reports returned to CSC	134	403
Security Considerations - FBI Cases	98	90
Security Violations	5	20
National Agency Checks and Inquiries	835	1012
Post audit of Delegated Authority Disciplinary Actions (Total of 779 were reviewed in OP)		335
Disciplinary Cases Processed by R&A Division	126	82
Appeals to CSC	32	35
Total Actions processed	5268	8198

7. Regulatory Hearings and Decisions.

This activity includes the work of the Office of Hearing Examiners and the functions of the Judicial Officer and his staff. The Office of Hearing Examiners holds hearings, makes reports, recommends decisions and performs such related duties as may be required by the Administrative Procedure Act and the statutory provisions, regulations, and rules of practice applicable to matters under their jurisdiction. A comparison of the number of hearings held by the Hearing Examiners under the various acts is shown in the following table.

<u>Laws Involved</u>	Fiscal Years				
	1958	1959	1960	1961	1962
Agricultural Marketing Agreement Act, 1937	68	51	74	65	82
Commodity Exchange Act	6	6	-	2	3
Packers and Stockyards Act	27	43	14	6	14
Perishable Agricultural Commodities Act ..	8	3	2	-	3
Sugar Act	5	3	2	1	2
Anti-Hog Cholera Act	-	3	-	1	-
Agricultural Marketing Act, 1946	3	-	1	1	2
Forest Service Appeals	3	8	5	4	1
Agricultural Adjustment Act. 1938	-	1	-	-	-
Tobacco Inspection Act	-	4	-	2	3
Total	<u>120</u>	<u>122</u>	<u>98</u>	<u>82</u>	<u>108</u>

Hearings in a number of proceedings which raise novel and important questions under the Packers and Stockyards Act were held during the year. Two such proceedings involve 12 respondents, including the largest nationally operated packers and grocery chains in the United States. The charges are price control and manipulation, collusive buying agreements, and restriction of competition in live and dressed lambs. An important and basic issue raised and not heretofore determined is whether, under the act, the chain store respondents are packers subject to the Secretary's jurisdiction. The basic substantive issue will be whether the similar prices and parallel business practices followed by the various respondents in trading in live and dressed lambs, if proved as charged, constitutes conduct prohibited by the Packers and Stockyards Act. It is expected that these two proceedings, each of which is being vigorously contested, will establish important precedents in the administration of Title II of the Packers and Stockyards Act.

During the year we concluded another important action under the Packers and Stockyards Act. In this proceeding two packers and a market agency were charged with having conducted their operations with the intent and for the purpose of apportioning supplies, restraining commerce, controlling prices, and creating a monopoly in the acquisition of livestock, in violation of various provisions of the act. This is one of the first major cases brought against packers under Title II of the act, and it raises complex legal and factual questions arising out of various practices and techniques which are a part of the changing pattern of livestock marketing.

The Judicial Officer serves as final deciding officer, in place of the Secretary, in regulatory proceedings of a quasi-judicial nature where the applicable statute requires a hearing. These include cases in which a hearing examiner files a recommended decision and also reparation proceedings under the Perishable Agricultural Commodities Act and the Packers and Stockyards Act which are not subject to the hearing-examiner provisions of the Administrative Procedure Act. Exceptions to a hearing examiner's recommendations may be filed by any party to the proceeding and oral argument is available before the Judicial Officer before the preparation and issuance of the final decision and order. Oral argument was held in six proceedings during the fiscal year.

The Judicial Officer acts directly without reference to a hearing examiner upon applications to dismiss petitions and applications for interim relief by petitioning handlers under Section 8c(15)(A) of the Agricultural Marketing Agreement Act and upon stipulations for consent orders under the Packers and Stockyards Act, the Commodity Exchange Act and the Perishable Agricultural Commodities Act. The Judicial Officer also rules directly upon matters arising in proceedings such as motions to dismiss that are certified by the hearing examiners without recommendation.

A comparison of the number of decisions and orders issued under the various acts is as follows:

<u>Laws Involved</u>	<u>Fiscal Years</u>				
	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>
Agricultural Marketing Agreement Act, 1937	27	27	23	28	18
Commodity Exchange Act	3	21	15	10	5
Grain Standards Act	1	-	1	-	-
Packers and Stockyards Act	98	106	127	135	190
Perishable Agricultural Commodities Act ..	336	351	456	483	404
Total	<u>465</u>	<u>505</u>	<u>622</u>	<u>656</u>	<u>617</u>

There were several cases of unusual interest decided under the Packers and Stockyards Act. In one case, In re Schaffner et al., after a long and vigorously contested proceeding, the principal cattle buyer for a packer and a dealer at the Chicago stockyards were found to have had an arrangement whereby cattle suitable for the packing house was first ostensibly purchased by the dealer from a commission firm at one price and later ostensibly sold through another commission firm to the packer at a higher price. Two cases in which Swift and Company was the respondent involved new and controversial applications of section 202 of the act. In one case the Neuhoﬀ division, Nashville, Tennessee, was ordered to cease and desist from the practice of utilizing country dealers to buy for Swift at auction markets in the supply area for the Neuhoﬀ plant on the basis of prices guaranteed by Neuhoﬀ before the purchases. This was held to be an unfair practice under the act essentially because Swift was using competitors in the purchase of livestock to get its supplies instead of competing with them in procurement. In the other case, also involving the Neuhoﬀ division, Swift was found to have violated section 202 of the act in selling smoked picnics to Kroger stores at substantially lower prices than to independent stores and Swift was ordered to cease and desist from this practice. Both Swift cases are on appeal to the United States Court of Appeals for the Seventh Circuit.

Three proceedings under the Agricultural Marketing Agreement Act involved the producer-handler provisions of the New York-New Jersey milk marketing order. The petitioners, producer-handlers, protested the actions of the market administrator in cancelling their exemptions under the order because of the receipts of cream from sources other than their own producing facilities. In two of the cases, the petitioners were granted relief because they received sour cream and it was held that sour cream was not intended to be covered by the work "cream" in the applicable provisions of the marketing order. In the third case, In re Jesse Stalker, which became a cause celebre, the petitioner received heavy sweet cream in 40- to 20-quart cans and it was held that the order provisions specifically say such receipts would have to be in "packaged" form in order for the producer-handler to retain his exemption.

(b) Working Capital Fund, Department of Agriculture

The working capital fund is a "no-year" operating fund established by an appropriation of \$400,000 in the 1944 Agricultural Appropriation Act to finance the operating costs of certain centralized service operations pending receipt of reimbursements for such costs from the agencies provided with the services. Operations include duplicating, photographic, art and graphics, motion picture, tabulating, supply, Library photocopying services, employee training programs conducted by Departmental staff offices, the Office of Information, and the Library, and central personnel and payrolling operations under MODE. The integrity of the original appropriation is maintained from year to year by means of reimbursements for services performed.

Statements reflecting the assets and liabilities and income and expenses of the working capital fund as of June 30, 1962, as well as estimates for 1963 and 1964, are printed in the Budget schedules for the fiscal year 1964.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1962, were actually received or programed for 1963 and 1964. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	: Obligations, 1962	: Estimated Obligations, 1963	: Estimated Obligations, 1964
Allocations and Working Funds	:	:	:
(Advances from other agencies):	:	:	:
<u>Consolidated Working Fund,</u>	:	:	:
<u>General, Agriculture - For</u>	:	:	:
carrying out responsibilities	:	:	:
and authorities delegated under	:	:	:
Area Redevelopment Program	- -	\$15,484	\$23,850
<u>Office of Emergency Planning - For</u>	:	:	:
carrying out Civil Defense plan-	:	:	:
ning and coordination activities	:	:	:
assigned to the Department	\$34,402	51,910	100,000
<u>Public Works Acceleration,</u>	:	:	:
<u>Department of Commerce - For</u>	:	:	:
Departmental support activities	:	:	:
in connection with a public	:	:	:
works acceleration program	- -	15,500	- -
Total, Allocations and Working Funds	34,402	82,894	123,850
Obligations under Reimbursements	:	:	:
from Governmental and Other	:	:	:
Sources:	:	:	:
<u>Salaries and expenses</u>	85,937	108,500	38,500
TOTAL, OBLIGATIONS UNDER ALLOTMENTS	:	:	:
AND OTHER FUNDS	120,339	191,394	162,350

PASSENGER MOTOR VEHICLES

The Budget estimates for 1964 continue the authority to replace, if necessary, one automobile used by the Secretary and his staff.

As of November 30, 1962, only one automobile was owned and operated in the District of Columbia. In addition, four vehicles are rented on an annual basis.

One of the rented vehicles is used by the Secretary of Agriculture, and the other vehicles are used on official business by the Under Secretary, the Assistant Secretaries, and members of their immediate staffs, as well as the heads and other responsible officials of Departmental staff offices.

RURAL ELECTRIFICATION ADMINISTRATION

Purpose Statement

The Rural Electrification Administration was established by Executive Order 7037 of May 11, 1935, to make loans for extension of central station electric service to unserved rural people. It was continued by the Rural Electrification Act of May 20, 1936, and became part of the Department of Agriculture on July 1, 1939, under Reorganization Plan II. On October 28, 1949, Public Law 423 amended the Act to authorize loans for furnishing and improving rural telephone service.

Electric and telephone construction loans are self-liquidating within a period not to exceed 35 years at 2% interest. Loans for wiring premises and the acquisition and installation of electrical and plumbing appliances and equipment including electrically powered machinery are also made at 2% interest but for shorter periods.

Electrification loans are made primarily to cooperative associations formed solely for the purpose of supplying electricity in rural areas. Borrowers are encouraged to expeditiously extend service to remaining unserved farms and to operate and maintain facilities to effectively serve the consumers and assure security for the Government's loan. The accumulated experience and sound financial condition of many borrowers is fully utilized in developing and carrying out their operation plans.

Telephone loans are made to private companies and cooperatives. REA cooperates with the industry to extend telephone service to rural areas. Continuous work is done with borrowers to develop sound construction and operating policies, and with manufacturers to develop efficient and economical equipment specifically designed for rural needs. Practically no standards or equipment specifically designed for rural telephone systems were in existence before REA initiated work in this field. To protect loan security, REA works with borrowers which, for the most part, have had little past experience in operating modern telephone systems. They are, however, responsible for the operation of their systems.

REA has no field offices. Relations with borrowers are maintained through offices in Washington and a staff of field employees working directly with borrowers. On November 30, 1962, there were 983 full-time employees; 772 in Washington and 211 in the field service.

	Estimated Available, 1963	Budget Estimates, 1964
Loan Limitations (Authoriza- tions to borrow from Treasury):		
Rural electrification	a/ \$400,000,000	b/ \$425,000,000
Rural telephone	80,000,000	70,000,000
Total, Loan Limitations	<u>480,000,000</u>	<u>495,000,000</u>
Salaries and expenses	<u>10,464,000</u>	<u>11,344,000</u>

a/ The 1963 Appropriation Act provides that \$100 million of the \$400 million electric authorization be placed in reserve to be used to the extent needed for either the electrification or telephone program.

b/ Includes proposed reserve authorization of \$75,000,000.

(a) Salaries and Expenses

Appropriation Act, 1963	\$10,024,000
Proposed transfer, 1963 for increased pay costs	440,000
Base for 1964	10,464,000
Budget Estimate, 1964	11,344,000
Increase	<u>\$880,000</u>

SUMMARY OF INCREASES AND DECREASES, 1964

Rural Electrification Program:	
To strengthen the lending and management activities	\$29,960
To strengthen engineering activities	\$206,325
Rural Telephone Program:	
To strengthen the lending and management activities	\$23,600
For development and application of improved and more efficient engineering equipment and techniques and to strengthen engineering activities	\$80,175
Reduction to reflect estimated savings due to the installation of a centralized data processing operation (MODE) for personnel and payroll data	-12,000
For pay act costs pursuant to Public Law 87-793	\$551,940
Net increase	<u>\$880,000</u>

PROJECT STATEMENT

Project	1962	1963 (estimated)	Increases		1964 (estimated)
			Increased (P.L. 87-793)	Other	
1. <u>Administration of Rural Electrification Program</u>					
a. Lending and management activities ...	\$3,018,988	\$3,129,460	\$166,380	\$26,360	\$3,322,200
b. Engineering activities	2,297,553	2,456,760	\$128,915	\$203,525	2,789,200
Total, Administration of Electrification Program ...	5,316,541	5,586,220	\$295,295	(1): \$229,885	6,111,400
2. <u>Administration of Rural Telephone Program</u>					
a. Lending and management activities ...	2,329,093	2,444,715	\$130,985	\$20,800	2,596,500
b. Engineering activities	2,339,432	2,433,065	\$125,660	\$77,375	2,636,100

(Continued on next page)

Project	1962	1963 (estimated)	Increases		1964 (estimated)
			Increased	Pay Costs : Other	
Total, Administration of Telephone Program	4,668,525	4,877,780	+256,645	(2): +98,175	5,232,600
Subtotal a/	9,985,066	10,464,000	+551,940	+328,060	11,344,000
Unobligated balance ...	38,935	- -	- -	- -	- -
Total increased costs (P.L. 87-793):					
Pay costs	(- -)	(440,000)	(+551,940)	(+15,060)	(1,007,000)
Total available or estimate	10,024,000	10,464,000	+551,940	+328,060	11,344,000
Transferred from "Special Milk Program, Agricultural Marketing Service" for increased pay costs	- -	-440,000			
Total appropriation or estimate	10,024,000	10,024,000			

a/ Represents obligations. Applied costs for 1962 are \$9,957.9 thousand. The difference of \$27.2 thousand reflects the excess of orders placed in 1962 for equipment and other material over equipment and materials used in that year.

b/ Includes \$1,900 estimated to be transferred to "Salaries and expenses, General Administration," during fiscal year 1963 for the Office of the Inspector General.

INCREASES AND DECREASES

A net increase of \$328,060 in administrative funds for fiscal year 1964 (exclusive of additional funds for pay costs on the base for 1964) is urgently needed. Despite strenuous efforts to economize including severe limitations on travel and on purchase of equipment, the REA staff, which has been steadily depleted during recent years by absorption of increased administrative costs within the annual appropriation, is unable to meet the needs of the REA program.

The additional \$328,060 in administrative funds is urgently needed as follows:

(1) A net increase of \$229,885 under the project "Administration of the Rural Electrification Program"

The electrification program is concerned with the financing needs, technical assistance and operations of almost 1,000 active borrowers and is responsible for the security of more than \$4.5 billion in loans approved for the financing of borrowers' electric facilities. While demands on the program have steadily become more complex, staffing for the electrification program has decreased from a level of about 1,152 man years of employment in 1950 to the present level of approximately 500

man years of employment. Assistance to REA borrowers has been progressively diminished and constant pressure is placed upon the staff to improve and streamline techniques and procedures to enable maximum utilization of a relatively small staff in order to meet pressing day to day demands on the program.

The net increase consists of:

(a) \$29,960 for lending and management activities

An increase is necessary to enable the field staff to give necessary assistance and to make necessary reviews in connection with loan applications and to maintain adequate contact with the borrowers to protect the security of the Government in loans which now aggregate more than \$4.7 billion.

(b) \$206,325 for engineering activities

An increasingly heavy burden has been placed on REA to help borrowers with their negotiations for satisfactory power supply. Power supply problems of borrowers are becoming much more important and complex as their sales of power increase. With the cost of power representing more than 35 percent of the revenues of distribution borrowers, dependable power supplies at minimum cost are necessary to maintain the security of the REA loan. Also, when loan applications are received for generation and transmission facilities, extensive engineering studies and analyses are necessary which are often very time consuming due to the interconnections and complicated contractual arrangements which are proposed.

Distribution borrowers are operating electric facilities costing approximately \$3 billion. Additions to distribution facilities are being made at an annual rate of more than \$100 million. Continuing minimum attention by the REA engineering staff must be given to assure that these facilities are maintained in adequate condition, and that new construction is performed in accordance with approved plans and specifications.

(c) A reduction of \$6,400 to reflect estimated savings due to the installation of a centralized data processing operation (MODE) for payroll and personnel data. An explanation of this reduction is included in the Preface to these Explanatory Notes in Volume 1.

(2) A net increase of \$98,175 under the project "Administration of the Rural Telephone Program"

There are now about 800 rural telephone borrowers with approved loans totaling over \$900 million. These borrowers will provide new or improved service to about 1,800,000 consumers.

If telephone service is to be brought to a maximum number of rural people, work must be done to improve and reduce the cost of construction, equipment and materials; to develop and adapt new techniques, equipment and construction practices to rural systems; and to develop more efficient and lower cost operation as the program advances to the more difficult areas. Despite the continuing overall growth of the telephone program, staffing for the telephone program has decreased from a level of about 515 man years of employment in 1959 to the present level of approximately 450 man years of employment. With this limited staff REA's work with borrowers in matters of management, accounting and technical assistance, as well as engineering developmental work, has been severely restricted.

The net increase consists of:

(a) \$23,600 for lending and management activities

Increased field activity is necessary to bring telephone service to the maximum number of rural persons, and to maintain adequate contact with the constantly growing number of borrowers. The number of borrowers is expected to increase from 828 in fiscal 1963 to 866 in fiscal 1964.

(b) \$80,175 for engineering activities

The increase is needed to make possible the development and application of improved and more efficient engineering equipment and techniques to the construction and operation of rural telephone systems. Particularly urgent is the need for testing and evaluation of new equipment and materials now being marketed. Specifications must be revised to keep pace with new developments.

(c) A reduction of \$5,600 to reflect estimated savings due to the installation of a centralized data processing operation (MODE) for payroll and personnel data. An explanation of this reduction is included in the Preface to these Explanatory Notes in Volume 1.

(3) An increase of \$551,940 for pay costs pursuant to P.L. 87-793 consisting of \$331,425 to provide for full year costs of the first step of the pay increase and \$220,515 for fiscal year 1964 cost of the additional increase effective January 5, 1964. (An over-all explanation of increases for pay act costs is included in the Preface to these Explanatory Notes in Volume 1.)

(b) Loan Authorizations

	<u>Loan Authorization</u>	<u>Estimated Loans</u>
<u>Electrification Loans</u>		
Authorization to borrow from Treasury:		
Appropriation Act, 1963	a/ \$400,000,000	\$350,000,000
Budget Estimate, 1964	b/ 425,000,000	350,000,000
Increase	+25,000,000	

Telephone Loans

Authorization to borrow from Treasury:		
Appropriation Act, 1963	80,000,000	95,000,000
Budget Estimate, 1964	70,000,000	95,000,000
Decrease	-10,000,000	

a/ Includes reserve authorization of \$100 million for either the electrification or telephone program.

b/ Includes a proposed reserve authorization of \$75,000,000.

PROJECT STATEMENT
(on basis of estimated loans)

Project	1962	1963 (estimated)	1964 (estimated)
1. Rural electrification loans	\$261,369,500	\$350,000,000	\$350,000,000
2. Rural telephone loans	91,556,000	95,000,000	95,000,000
Total estimated loans a/	352,925,500	445,000,000	445,000,000

a/ Represents obligations (loans approved). Applied costs (loan advances) are as follows: 1962, \$293,044,363; 1963, \$330,000,000; and 1964, \$410,000,000.

EXPLANATION OF ESTIMATES

Rural electrification loans. The loan estimate of \$350 million will require a new loan authorization of \$350 million as there is expected to be no carry-over of unused funds from fiscal year 1963. In addition a reserve authorization of \$75 million is proposed, to be used to the extent needed during the fiscal year. It is estimated that approximately \$125 million would be loaned for distribution, \$220 million for transmission and generation of electricity and \$5 million for loans under the consumers financing provision (Section 5) of the Rural Electrification Act.

REA financed generation and transmission cooperatives generate about one percent of the total yearly utility generation in the United States. The utility industry estimates that the country's total energy output will grow from 765 billion kwh in 1960 to 1.7 trillion kwh in 1970 and to 3.4 trillion kwh in 1980. The annual growth rate is about 7.75 percent which will quadruple the country's total output in 20 years. The industry estimates that the annual rate of electric utility capital investment will increase from \$4,690,000,000 in 1960 to \$9,272,000,000 in 1970, and to \$17,329,000,000 in 1980.

The proposed loan level for fiscal year 1964 will enable the REA systems to maintain their modest comparative position in the total electric industry.

Rural telephone loans. The loan estimate of \$95 million will require a new loan authorization of \$70 million since there is expected to be a carryover of about \$27.7 million of unused funds from the fiscal year 1963.

The estimate provides for continuation of about the anticipated 1963 loan level. Surveys and studies of telephone service requirements in rural areas of the country indicate that approximately \$1.5 billion will be needed for loans to REA financed systems and that the job can be carried out over the next 15 years at an annual loan level of between \$95 and \$100 million.

The following tables reflect loans and funds available for fiscal year 1962, 1963 and 1964.

Electrification Loans

	: 1962 Actual	: 1963 Estimate	: 1964 Estimate
Loan Funds Available:	:	:	:
New loan authorization	a/ \$245,000,000	b/ \$400,000,000	c/ \$425,000,000
Carryover from prior year ...	34,717,880	23,185,628	185,628
Rescissions of prior year	:	:	:
loans	5,383,248	- -	- -
Total loan funds available	284,555,128	423,185,628	425,185,628
Less:	:	:	:
Loans approved	-261,369,500	-350,000,000	-350,000,000
Reserves not used	- -	-73,000,000	-75,000,000
Balance to next year	23,185,628	185,628	185,628

a/ Includes reserve authorization of \$70 million.

b/ Includes reserve authorization of \$100 million for either the electrification or telephone program.

c/ Includes a proposed reserve authorization of \$75,000,000.

Telephone Loans

	: 1962 Actual	: 1963 Estimate	: 1964 Estimate
Loan Funds Available:	:	:	:
New loan authorization	a/ \$162,500,000	\$80,000,000	\$70,000,000
Carryover from prior year ...	979,026	42,701,631	27,701,631
Rescissions of prior year	:	:	:
loans	778,605	- -	- -
Total loan funds available	164,257,631	122,701,631	97,701,631
Less:	:	:	:
Loans approved	-91,556,000	-95,000,000	-95,000,000
Reserves not used	-30,000,000	- -	- -
Balance to next year	42,701,631	27,701,631	2,701,631

a/ Includes reserve authorization of \$30 million.

STATUS OF PROGRAM

The Rural Electrification Administration makes loans to provide for electrification and telephone service in rural areas. It conducts appropriate loan security activities to safeguard the \$5.6 billion in loans already made. Loans are being made for the extension of electric and telephone service to the remaining unserved areas, the improvement of existing telephone service in rural areas, and to provide the necessary additional facilities to meet the ever-increasing need for power on existing electric systems. Assistance is being given borrowers in encouraging rural development activities to improve the economic conditions throughout their service areas.

ADMINISTRATION OF ELECTRIFICATION AND TELEPHONE PROGRAMS

Borrowers' General Funds - During the fiscal year 1962, REA issued a bulletin with specific recommendations in respect to general funds of the borrowers. Criteria were established for the amount of reserve funds recommended for prudent operation, and suggestions were made as to the investment and use of reserve funds by the borrowers.

These recommendations have led to widespread reconsideration of reserve policies by borrowers whose reserves were substantial. Many have made loan repayments to REA in advance of due dates as recommended and some are planning to finance a larger portion of their construction with general funds. The bulletin requires special justification and support in the case of loan applicants not conforming to REA standards for the amount and management of their general funds.

Financial Planning - The introduction of the agency's policy regarding Borrowers' General Funds has stimulated further interest in long range financial planning and forecasting. Borrowers have been provided with recommendations and guidelines concerning the desirable amount of working capital and reserve funds. Assistance is being rendered not only to individual borrowers but to groups of borrowers in work shop sessions with respect to both financial planning and simplified techniques for the development of reliable financial forecasts that can be successfully used to test the soundness of proposed financial policies and planning.

Management Assistance to Borrowers - REA must work with borrowers in helping them develop to the point where they can meet increasing debt service requirements. REA works with borrowers to detect adverse trends and other unfavorable developments which might endanger loan security and lead to default on loan payments due REA. Intensive effort is devoted to individual borrowers who are in financial difficulty or represent loan security problems for other specific reasons.

If borrowers receive the proper amount of attention from REA at the first indication of operating or financial difficulty there is much less risk of serious loan security problems developing in the future.

Continual work is carried out with these borrowers in developing comprehensive management plans and assisting them in business and technical operations until they have reached sound operating status.

Attention is concentrated on delinquent borrowers. As of June 30, 1962, there were 2 electrification and 4 telephone borrowers delinquent in their loan payments. Delinquent payments of principal and interest for electrification borrowers totaled \$93,836 and for telephone borrowers totaled \$223,080.

Improvement of Borrowers' Records - Working with the REA borrowers to establish satisfactory accounting systems and records is one of the major activities of the REA field accountants. Experience has shown that such accounting and management assistance programs are very important in connection with loan security. Many of the new borrowers have been small telephone companies, many of the family ownership type without dependable records. Since much of the REA review of loan security factors is based on financial information, it is essential that the records from which this data is taken are currently and accurately maintained in accordance with sound accounting procedures.

It is the policy of REA to have borrowers provide for an annual audit by a certified public accountant. This permits the REA accounting staff to devote more attention to reviewing and obtaining improvements in borrowers' accounting and related reporting procedures, training their personnel to maintain good records, and working out special problems. Through the mediums of individual instruction, presentation at borrowers' meetings and by workshops, REA has endeavored to develop accounting know-how among its borrowers. This has resulted in a steady improvement of the records.

In 1962, more than one-third of the field accountants' time was used in assignments of this type, principally with telephone companies and cooperatives, and especially with those which are recent borrowers of the REA.

Audits of Borrowers' Operations and Review of Loan Fund Transactions - Audit reports are a basic tool used by REA in appraising its borrowers' financial position and in evaluating its borrowers' ability to repay their loans. The need to bring about improvements in the quality of audit reports prepared for our borrowers by certified public accountants has been recognized for some time. During fiscal year 1962 steps were taken to strengthen the review of these reports. Through concentration of the technical review of all audit reports in the Controller's Division, greater uniformity in the review process has been accomplished. To further strengthen the review process and to provide a better evaluation of the work of the certified public accountants, audit work papers of selected accountants have been reviewed, and test comparisons made with borrowers' records on certain items reflected in audit reports. By the continued use of these review procedures, improvements have been effected and further improvements are expected in the standards of the certified public accountants and in the quality of the audit reports.

Improvements in the quality of the review of loan fund transactions also have been accomplished during the past fiscal year. This was accomplished through the assignment of these responsibilities to qualified REA accountants with experience and training in handling of accounting activities of telephone and electric systems.

Area Coverage - The broad program objectives of achieving maximum area coverage continues to receive heavy emphasis. Many borrowers have progressed to the point where they make service available at any point in their service area at the regular rate. Other borrowers have progressed to the point where they can make area coverage service available within territorial limitations, and some borrowers are still faced with the problem of trying to extend service to unserved people in locations where the cost of construction is so high that the proposed construction is not financially feasible. Experienced REA personnel must be constantly available to encourage and help borrowers solve the problems obstructing the full accomplishment of area coverage and at the same time maintain financially sound structure capable of supplying low cost power and telephone service in rural areas.

Recent accomplishments in two different areas of the country are indicative of the great strides that have been made in supplying electric and telephone service on a broad area coverage basis. An electric cooperative in Oregon, with the assistance of an REA loan, punched its way through one of America's last great stands of virgin timber in order to supply central station electricity to the forgotten town of Agness. The terrain is so mountainous and wooded that all but a few of the tap line poles had to be transported and set by helicopter to make the 37 mile connection to bring service to 130 inhabitants. Two REA financed cooperatives extended electric and telephone service 3.5 miles to a remote ranch in New Mexico. The New Mexico cattle rancher was the five millionth consumer to receive central station electric service through the Rural Electrification Program. The telephone was another first for the rancher and his family since they had been without telephone service during their 21 years in this remote section of New Mexico.

Engineering Assistance and Technical Operations - REA field engineers carry out activities to assure that properties are adequately maintained. Loan security requires surveys, and reviewing of surveys by the borrower and its consulting engineer as to the condition of the lines, providing advice to borrowers on how they can maintain their materials and equipment to achieve longer service life, and assistance to borrowers in studies of the most economical methods of operating electric and telephone systems. Technical information is continually being developed by the engineering staff for borrowers' use in important aspects of technical operations and maintenance to protect the properties that secure the Government loan.

REA is also encouraging interest on the part of engineering firms to enter the rural telephone field and to acquaint borrower and engineering firm personnel with REA policies and requirements. Through these efforts, together with other contributing factors, the quality of the work of engineering firms has continued to improve.

REA transmission engineers are giving increased attention to high voltage and extra high voltage types of transmission lines.

Savings to REA borrowers in investment and reductions in costs of power are being accomplished through advances that have been made in tie-ins

with power pools. Assistance is provided to members of pools in long range planning and the making of investments in facilities whenever it is economically advantageous to do so while postponing the making of such investments whenever power needs can be met most economically through tie-ins and purchases of power.

Data Processing - ADP equipment has recently become available for smaller sized operations and some borrowers either singly or in groups have become large enough to warrant consideration of increased use of ADP equipment. Where available, ADP equipment can be used not only for billing and collecting records, but also by the engineers for phase balancing of loads, anticipation of needs for supplying increased transformer capacity and better material records. During fiscal year 1962, there was a marked and continuing increase in borrower activities in the field of automatic data processing. This increase has brought about a corresponding increase in requests for advice and assistance to borrowers' personnel. During 1962, assistance was rendered through field trips to individual borrowers, workshop presentations to groups of borrowers, and preparation of material in reply to inquiries received through area offices.

Power Supply - The continued increase in the power requirements of borrowers' consumers has made it necessary for the borrowers to reappraise their power supply and plan for their future needs. Meeting these needs for increases in capacity requires a continued effort to negotiate wholesale power contracts to insure an adequate power supply at the lowest possible rate and power contracts free of restrictive provisions.

During fiscal year 1962, REA examined and assisted in large degree with the negotiation of basic wholesale power contracts involving an estimated 30 power suppliers. Some of these negotiations have not yet been brought to conclusion, although certain concessions have been obtained in power supply contracts offered by almost half of these suppliers. The attained reductions in power costs resulting from removal of restrictive provisions in wholesale power contracts will result in substantial savings for all the cooperatives concerned in the successful negotiations.

The power supply objectives are also being met by the interconnection of existing REA financed power facilities with other facilities in the area and the construction of larger and more efficient generation and transmission facilities.

During fiscal year 1962, REA borrowers installed 62,250 KW of generating capacity. It is anticipated that borrowers will add 188,500 KW of generating capacity in fiscal year 1963, and 254,650 KW in fiscal year 1964. Based on loans approved and assuming clearance by appropriate regulatory bodies within a reasonable period of time, an additional 905,000 KW of generating capacity should be installed during fiscal years 1965 and 1966.

Power Use and Member Service - The expanded use of electric power by our Nation's farmers and by rural families continues. One of the main contributors to this constant and accelerated growth rate has been the effective power use and consumer information programs carried out by the REA-financed systems. Not only are rural cooperative members encouraged to use more electric power but they are guided and advised in the selection and operation of equipment and appliances.

During the fiscal year 1962 REA emphasized quality. In the field of electric house heating, REA has encouraged the use of more effective insulation. This practice is paying big dividends. Not only has it been established that substantial savings to the consumer can accrue in the form of lower heating costs, but this can happen without materially increasing the home construction cost. Increased consumer comfort and wider consumer experience of electric heating are added benefits.

Water treatment is another field where REA has led the way. Much of the Nation's supply of domestic water available in rural areas does not meet acceptable standards for human use. Water treatment symposiums have been developed and held to train borrower personnel in the best methods of obtaining adequate water and in its treatment so that it is safe for domestic use.

REA plans to continue the policy of offering guidance and assistance to its borrowers in the field of member service and power use. A special assistance program is being developed in which a concentrated effort will be made to assist those systems where additional revenue is indicated as a prerequisite for a successful and continued operation.

Increased usage of equipment, besides resulting in an increase in power sales, generally means a more highly diversified load and an improved load factor or greater KWH sales per KW of demand.

Rural Areas Development - Many REA electric borrowers serve rural areas where low income and unemployment have led to limited electric usage and heavy out-migration. In addition to their concern for their members, these borrowers recognize in this a threat to their successful operation, a threat that is already measured in over 500,000 idle services on their lines. With this economic stake in the economy of the areas they serve, many of these borrowers make their leadership and facilities available in community efforts to provide more jobs and increase the level of income in the areas they serve. New businesses and industries increase electrical consumption directly, when they are on REA borrower lines, and provide jobs to help members buy electricity-using appliances and pay electric bills.

REA provides these borrowers with technical assistance and assistance in finding private or public sources of credit needed to develop the areas they serve. This assistance includes:

1. Aid in developing Area Redevelopment Administration applications in ARA-designated rural areas when the financing is not available from other sources. REA electric borrowers serve in more than 90% of all the counties designated as 5(b), or rural, by ARA. During fiscal 1962 REA assisted its borrowers in the development of 123 ARA industrial and commercial project proposals alone and aided its borrowers on many other kinds of projects.

2. Provision of financing through the electric borrowers for electrical and plumbing equipment eligible under Section 5 of the Rural Electrification Act in the homes, businesses, and industries on borrowers' lines when such financing is not available from other private or public sources. While REA approved only six Section 5 loans totaling \$520,500 in fiscal 1962 assistance in finding other financing prior to approval of a Section 5 loan made possible a number of other projects.

It is expected that borrower needs and requests for assistance will increase considerably during fiscal year 1963, continuing the upward trend already established. It is not expected that the trend will be matched in REA Section 5 or ARA loan funds since most of the completed projects will be financed by local bodies, private lenders, SBA and other sources. However, total activity in rural areas development, including work done on ARA project proposals, is expected to nearly double during fiscal 1963.

Nuclear Power Developments - Construction has been completed on the nuclear reactor at Elk River, Minnesota for the Rural Cooperative Power Association. The Atomic Energy Commission held public hearings for the purpose of obtaining an operating license for the reactor. The reactor was licensed in 1962 and will be producing full power in the spring of 1963.

The Dairyland Power Cooperative, LaCrosse, Wisconsin, entered into a contract on June 6, 1962, with the Atomic Energy Commission. The contract provides that the Commission will construct and own a 50,000 KW forced circulation direct cycle boiling water reactor and sell steam to the Cooperative for use in power generation. The Cooperative has obtained a site for the power plant installation on the Mississippi River at Genoa, Wisconsin, and dredging operations are under way. This phase of site preparation was completed late in 1962. The plant is scheduled for full commercial operation by September 1966.

The conventional portions of each of these power plants will be financed with loan funds from REA. The cooperatives will operate the entire plants and purchase steam produced by the reactors. Each cooperative has the option to purchase the reactor after five years of operation if it has demonstrated that power can be economically produced by this method.

Alleviation of Electric Conductor Vibration Damage - Laboratory and field tests were completed during the fiscal year of both the laboratory and commercial models of a new conductor vibration damper which was developed at the National Bureau of Standards in cooperation with REA. The vibration damper consists of a heavy metal shell about six inches long enclosing a cylinder of sponge neoprene surrounding the conductor. In both laboratory and field tests the damper was very effective in reducing the amplitude of vibration waves to safe levels on conductor sizes commonly used on distribution lines. This development may help

to alleviate the severe conductor vibration damage on the systems of borrowers primarily in the north central part of the United States where conductor damage due to vibration is most prevalent.

Standards for Underground Electric Construction - During fiscal year 1963 considerable work will be done toward the preparation of construction drawings, list of acceptable material, and specifications to provide borrowers with preliminary standards for underground distribution line construction. Many borrowers have been requested to provide underground facilities to serve modern housing developments. A variety of underground cable and related material and equipment is available and borrowers have requested guidance in making reliable and economical underground installations.

Improvements in Telephone Standards and Techniques

- (a) Plastic-Insulated Wire and Cable - Because of its improved physical and electrical characteristics and longer service life, the use of plastic-insulated wire and cable is increasing at a higher rate on REA borrowers' systems. For the calendar year 1962, it is estimated that 70 percent of all the route mileage to be constructed in the rural telephone program will employ plastic-insulated wire and cable. Because of the continuing heavy investment of loan funds and problems that have arisen on borrowers' systems with this type of plant, REA undertook a comprehensive program to review and improve REA standards and specifications for plastic-insulated wire and cable. This study resulted in the following actions:
1. An REA specification was prepared which set forth minimum requirements for polyethylene raw materials used in the manufacture of plastic-insulated wire and cable.
 2. Four of the existing REA specifications were made more rigid to provide for improved physical and electrical characteristics.
 3. Two new specifications were prepared to cover a new type of plastic-insulated wire.
 4. A field inspection program was initiated of plastic products installed, or to be installed on borrowers' systems.
 5. An agreement was initiated with the Frankford Arsenal, Department of Defense, to test wire and cable samples from borrowers' systems to check their compliance with REA specifications.

This program will be conducted on a continuing basis, and it should make possible further refinements in REA specifications for this type of plant, improved quality control by manufacturers, and more dependable and economical telephone service for borrowers' systems.

- (b) Five-Party Rural Multiparty Service - REA engineers have developed system design criteria for multiparty service to meet the rural subscribers' increasing demand for fewer parties on a subscriber line. Based on this new criteria, it is now economically feasible in many areas for REA to consider loans involving new systems or exchange areas, or upgrading of service in existing areas on the basis of five-party rural service with one and two-party service in the base rate area. This represents another step taken by REA in improving the quality of rural telephone service.
- (c) One-Party Service - REA set up a project study during the 1962 fiscal year to explore ways and means which can make economically feasible, one-party rural service. Design criteria developed by our engineers have made feasible five-party in lieu of eight-party multiparty service with existing plant facilities. The studies indicate that both conventional and new type of telephone plant components will be required to make possible one-party service. This would include open wire plant, coaxial and buried cable, electronic central offices, existing and redesigned microwave, radio, carrier, and station equipment, etc. The next step toward realization of one-party service is the preparation of performance specifications, and the encouragement of further development by the manufacturers. REA engineers have already initiated work on this phase of the study.
- (d) Long Span Construction - This new construction concept was pioneered by REA engineers and wire manufacturers. It offers borrowers lower initial and annual costs as well as improved telephone service, particularly in northern regions of the country. This concept employs about half the number of poles used in conventional plant and a polyethylene insulated conductor to eliminate mid-span hits. Under an iceload, the conductor stretches elastically, lies on the ground, and resumes the normal sag when the ice melts. Through field trials and studies at the Bureau of Standards, the concept has been perfected and has been incorporated to REA standards for outside plant construction. It has particular adaptation to very sparsely settled areas.
- (e) Design, Construction and Operational Practices - Rapid advancements are taking place in the fields of electronics, materials, and construction techniques and practices. So that borrowers may enjoy the benefits to be derived from those which have particular application to rural telephony, 32 new or revised sections and addenda to the Telephone Engineering and Construction Manual, and the Telephone Operations Manual, were issued by the Telephone Standards Division during the past fiscal year. These advancements were incorporated into REA engineering standards only upon completion of thorough exploratory and development studies and close work with the telephone industry. The manual sections provide the borrowers' engineer and operating personnel with the instructional and design data concerning proper practices and techniques to be employed in order that maximum benefits can be achieved.

- (f) Transmission - New plant design criteria were developed to improve and extend good voice transmission on all-cable type outside plant which is receiving wider usage on borrowers' systems because of cost and performance advantages. These criteria set forth loading methods and devices, cable gauges, utilization of cable carrier and repeaters, which can make possible the extension of good voice transmission over greater distances from the central office, improved plant flexibility to meet future subscriber growth, and greater utilization of all cable facilities, particularly buried plant. These design considerations are being set forth in a section of the Telephone Engineering and Construction Manual for use by borrowers in the design of their systems.

Work was also carried on to develop and improve specifications for electronic equipment which can be used separately or in conjunction with other plant components to extend and improve good voice transmission. This equipment includes voice frequency repeaters, carrier, microwave, radio, etc. The significance of this work is pointed out by the fact that the most difficult phase of rural telephony lies ahead in providing adequate service to low subscriber density areas heretofore not feasible with conventional plant facilities.

Revised Telephone Loan Security Requirements - REA made significant changes in its mortgage forms securing new and supplemental telephone loans in order to limit payout of dividends and similar distributions affecting net worth. These changes will require a sufficient amount of cumulated net earnings to be retained in order to improve the borrower's net worth position steadily over the years. To discourage acquisition of existing borrowers by speculators, mortgages will now contain a provision requiring additional equity capital to be provided if ownership control changes to such an extent that a larger amount of equity capital would have been required initially. These new loan security provisions made it possible to simplify existing mortgages by eliminating some provisions no longer considered necessary.

Revision of the Telephone System Construction Contract - A major revision of the Telephone System Construction Contract was completed during the past fiscal year. New plant designs for long span construction and figure 8 wire facilities were incorporated into the contract. Figure 8 is a new type of distribution wire which incorporates the conductor and a support strand in one sheath, and a cross section of the wire resembles the figure 8.

These additions and improvements in design practices will make possible, for REA borrowers, lower initial and annual costs and more dependable and improved telephone service for rural subscribers. The importance of this document is reflected by the fact that it assures REA that the construction of borrowers' outside plant facilities will be within the acceptable standards for rural areas, and will be consistent with REA loan security requirements. The contract also provides a uniform and equitable basis for borrowers to obtain competitive bidding on construction of outside plant facilities, thereby affording them construction at the lowest possible costs.

Defense and Other Governmental Communications Projects - Activities on the part of REA borrowers involved in providing communication facilities for national defense and other governmental projects were continued during the year. REA continues to assist these borrowers in this activity and works closely with the Department of Defense and the telephone industry on these projects.

ELECTRIFICATION PROGRAM STATISTICS

Since the inception of the electrification program in 1935, loans have totaled over \$4.6 billion. During this period the percentage of farms with central station electric service has increased from about 10% to about 97.6%. There is a continuing demand for new service to non-farm rural consumers as residential areas move out into the country and as business and industry develop in rural areas. Systems are experiencing heavy increases in consumption of electric power, as the loads are doubling about every seven years. During the fiscal year 1962, substantial progress was made in approving loans to finance the construction of electric distribution, generation and transmission facilities and in safeguarding the security for loans already made.

	<u>Fiscal Year</u> <u>1962</u>	<u>Fiscal Year</u> <u>1963 Estimate</u>
<u>Applications</u>		
On hand start of year	\$108,323,000	\$208,975,000
Received during year	539,077,000	440,000,000
<u>Loan Activity</u>		
Number of loans made	241	307
Amount	\$261,369,500	\$350,000,000
Miles of line to be constructed	13,652	14,000
Consumers to be served	101,625	115,000

For fiscal year 1963, electrification loan funds available total \$423,185,628. This sum consists of a new loan authorization of \$400 million plus a carryover of \$23,185,628 in unused funds from the fiscal year 1962. The Act provides that \$100 million of the \$400 million electric authorization be placed in reserve to be used to the extent needed for either the electrification or telephone program.

Systems Need Improvement - In addition to extension of electric service to unserved rural people, the use of electric power on all farms and in the rural areas serviced by REA cooperatives is steadily increasing. REA borrowers must increase their system capacities to be able to deliver the power required at acceptable voltages to more than five million rural consumers. Loans are needed for such purposes as the installation of voltage regulators, new substations, heavy conductor, poles, crossarms, and hardware, and for additional generation and transmission facilities.

Complex construction plans in accordance with comprehensive system planning studies must be worked out to assure that these system improvements are carried on in an orderly and economical way, and to assure the existence of an adequate, dependable and economical wholesale power supply.

Purpose of Loans Made - During fiscal year 1962, loans for distribution systems constructed amounted to \$103,811,847 or 39.7% of all loans for the year. Loans for generation and transmission facilities totaled \$155,332,153 or 59.4% of the loans made. The remaining \$2,225,500 or .9% was loaned to REA borrowers for financing consumer facilities.

Rescissions - Periodically, REA reviews the status of unadvanced loan funds for all borrowers, as well as doing so each time a new loan is under consideration for a particular borrower. Loans are rescinded or transferred to other needed purposes where it is indicated that borrowers no longer need the remaining unadvanced funds for the purpose for which they are loaned. During the fiscal year 1962, loan rescissions amounted to about \$5.4 million.

Fund Advances and Construction Progress

	<u>Fiscal Year 1962</u>	<u>Fiscal Year 1963 Estimate</u>
Advances	\$195,807,127	\$230,000,000
Consumers served	124,323	120,000
Miles energized	19,407	19,000
Generating capacity installed (kw)	62,250	188,500

Unadvanced loan funds aggregated \$720.6 million on June 30, 1962, and are expected to be about \$840.6 million by June 30, 1963. The amount of unadvanced loans is substantial because of the considerable time which elapses between the making of a loan and the final advance of funds when construction is completed, particularly for generation and transmission facilities and system improvements.

Cumulative Repayments

	<u>June 30, 1961</u>	<u>June 30, 1962</u>
Payments:		
Principal	\$975,560,804	\$1,097,838,754
Interest	474,846,764	532,400,567
Payments ahead of schedule	169,394,387	185,856,843
Payments overdue more than 30 days	83,612	93,836
Interest and principal lost on two foreclosures	44,478	44,478

Borrowers' loan repayment schedules are steadily increasing as a result of record amounts loaned in recent years on which payments are now becoming due. The debt payments of borrowers rose sharply during the period 1950-62 when payments became due on large amounts loaned during borrowers' initial construction programs. From 1950 to 1962, annual principal and interest due from electric borrowers increased from approximately \$36.5 million to over \$150.6 million, and in 1963 it is expected to be about \$162.7 million.

During the fiscal year 1962 repayment of principal on electric loans went over the \$1 billion mark with the increase in repayments ahead of schedule exceeding \$16 million.

TELEPHONE PROGRAM STATISTICS

Since the inception of the rural telephone program in fiscal year 1950, loans have totaled over \$909 million. During this period the percentage of farms with telephone service has increased from about 38% to an estimated 71%. There is an increasing interest in modern telephone service in the remaining unserved areas and in the improvement of service in those areas where present facilities are inadequate and do not meet the needs for modern communications.

	<u>Fiscal Year</u> <u>1962</u>	<u>Fiscal Year</u> <u>1963 Estimate</u>
<u>Applications</u>		

On hand start of year	\$72,600,000	\$56,400,000
Received during year	75,096,000	90,000,000

Applications received continued to drop during fiscal year 1962, however they are expected to increase during fiscal year 1963.

	<u>Fiscal Year</u> <u>1962</u>	<u>Fiscal Year</u> <u>1963 Estimate</u>
<u>Loan Activity</u>		

Number of loans made	193	200
Amount	\$91,556,000	\$95,000,000
Route miles of line to be constructed or improved	34,442	36,000
Subscribers to receive new or improved service	149,452	150,000

New telephone loan funds authorized for fiscal year 1963 consist of a regular authorization of \$80,000,000. The carryover of unused funds from fiscal year 1962 totaled \$42,701,631.

	<u>Fiscal Year</u> <u>1962</u>	<u>Fiscal Year</u> <u>1963 Estimate</u>
<u>Fund Advances and Construction Progress</u>		

Advances	\$97,237,236	\$100,000,000
Route miles of line constructed or improved	33,017	36,000
Subscribers receiving new or improved service	183,403	180,000

Through June 30, 1962, a total of 759 borrowers were authorized advances of loan funds for construction with a cumulative total of \$706,563,875 being advanced to these borrowers. The funds advanced provided for construction and improvement of 292,700 miles of line and new and

improved service to 1,295,658 subscribers. In addition, contract and force account proposals had been approved for construction of 33,022 additional miles. During fiscal year 1962, central office equipment installations were completed in 275 exchanges as compared to 403 during fiscal year 1961.

Cumulative Repayments

	<u>June 30, 1961</u>	<u>June 30, 1962</u>
Payments:		
Principal	\$30,670,530	\$44,241,269
Interest	24,735,395	37,025,322
Repayments ahead of schedule	5,042,530	6,362,705
Payments overdue more than 30 days	255,187	223,080

A major factor accounting for past overdue payments has been the delays in construction, especially the long delays in delivery of central office equipment. These delays resulted in payments becoming due before construction was completed.

PROGRESS OF ELECTRIFICATION AND TELEPHONE PROGRAMS

The cumulative figures presented in the following tables I, II, III and IV show the progress that has been made in the electrification and telephone programs since their inception.

TABLE NO. I - ELECTRIFICATION LOANS
(Cumulative Figures)

Date	Total Net Loans All Purposes	Estimated Coverage when Construction is Completed on all Loans Approved to Date	
		Miles of Line	Consumers Served
June 30, 1936-40	\$ 268,972,949	251,642	854,828
June 30, 1941	369,027,621	356,053	1,171,867
June 30, 1942	460,180,345	409,490	1,345,107
June 30, 1943	466,881,323	414,287	1,358,114
June 30, 1944	498,811,447	448,889	1,438,567
June 30, 1945	524,542,502	471,351	1,495,233
June 30, 1946	813,914,990	672,667	2,080,167
June 30, 1947	1,068,436,162	811,019	2,484,503
June 30, 1948	1,381,459,261	931,467	2,847,991
June 30, 1949	1,830,318,858	1,097,705	3,352,603
June 30, 1950	2,205,470,314	1,214,702	3,688,969
June 30, 1951	2,427,204,114	1,286,127	3,896,824
June 30, 1952	2,592,629,925	1,317,279	4,034,334
June 30, 1953	2,730,009,085	1,351,297	4,195,732
June 30, 1954	2,885,932,099	1,387,441	4,367,045
June 30, 1955	3,050,119,414	1,411,765	4,546,463
June 30, 1956	3,238,250,759	1,435,478	4,717,730
June 30, 1957	3,536,955,428	1,460,431	4,903,777
June 30, 1958	3,772,577,652	1,479,209	5,088,096
June 30, 1959	3,942,338,539	1,491,406	5,188,687
June 30, 1960	4,153,325,751	1,503,863	5,312,265
June 30, 1961	4,424,756,408	1,520,899	5,459,083
June 30, 1962	4,680,742,660	1,534,551	5,560,708
June 30, 1963 (est.)	5,030,742,660	1,548,551	5,675,708
June 30, 1964 (est.)	5,380,742,660	1,562,551	5,790,708

TABLE NO. II - ELECTRIFICATION CONSTRUCTION
(Cumulative Figures)

Date	Loan Funds Advanced to Borrowers	Total Miles Energized	Construction Completed		Total KWH Billed (Annual)
			Total Consumers Served	Total Consumers Served	
June 30, 1936-40	\$ 221,287,287	232,978	549,604		311,479,000
June 30, 1941	296,395,142	307,769	779,561		566,422,777
June 30, 1942	354,616,010	369,129	981,193		893,461,286
June 30, 1943	369,152,582	381,747	1,041,821		1,460,460,571
June 30, 1944	387,630,670	397,861	1,152,031		1,791,607,706
June 30, 1945	427,366,738	424,072	1,287,347		2,066,121,706
June 30, 1946	514,619,844	414,837	1,549,057		2,185,149,697
June 30, 1947	704,705,701	546,781	1,843,351		2,861,024,042
June 30, 1948	950,941,658	666,156	2,263,869		4,016,273,673
June 30, 1949	1,272,228,526	839,685	2,778,180		5,474,001,598
June 30, 1950	1,558,887,178	1,018,336	3,251,787		6,973,694,936
June 30, 1951	1,827,017,836	1,134,498	3,547,323		8,737,816,038
June 30, 1952	2,054,591,865	1,210,473	3,769,426		10,603,286,075
June 30, 1953	2,262,225,801	1,271,443	3,951,940		12,560,298,086
June 30, 1954	2,443,754,333	1,315,630	4,109,223		14,947,103,217
June 30, 1955	2,600,496,268	1,348,069	4,187,825		17,788,343,000
June 30, 1956	2,755,235,812	1,372,001	4,301,705		20,664,933,000
June 30, 1957	2,941,213,434	1,394,353	4,406,503		22,870,371,000
June 30, 1958	3,146,545,731	1,414,034	4,521,997		24,960,020,000
June 30, 1959	3,358,263,066	1,437,034	4,653,502		28,539,692,000
June 30, 1960	3,580,884,081	1,454,081	4,766,931		31,893,325,000
June 30, 1961	3,764,297,121	1,472,767	4,890,506		34,755,243,000
June 30, 1962	3,960,104,248	1,492,174	5,014,829		37,718,458,000
June 30, 1963 (est.) ...	4,190,104,248	1,511,174	5,134,829		40,400,000,000
June 30, 1964 (est.) ...	4,500,104,248	1,530,174	5,254,829		43,400,000,000

TABLE NO. III - TELEPHONE LOANS
(Cumulative Figures)

Date	Borrowers	Total Net Loans	Estimated Progress after Completion of Construction Authorized by Total Loans to Date		
			Route miles of line to be Constructed or Improved	Subscribers to Receive new or Improved Service	
June 30, 1950	17	\$ 3,426,500	3,948	16,837	
June 30, 1951	113	41,255,000	41,288	155,816	
June 30, 1952	190	82,260,718	72,563	251,050	
June 30, 1953	219	118,144,218	88,337	302,597	
June 30, 1954	279	184,578,542	125,576	410,657	
June 30, 1955	351	234,180,542	157,751	515,683	
June 30, 1956	466	312,391,542	201,524	695,389	
June 30, 1957	551	391,139,542	241,681	863,329	
June 30, 1958	611	478,459,015	277,730	1,020,454	
June 30, 1959	665	575,213,415	317,227	1,191,324	
June 30, 1960	705	679,210,237	356,581	1,371,791	
June 30, 1961	753	818,257,691	407,621	1,604,011	
June 30, 1962	790	909,035,087	442,063	1,753,463	
June 30, 1963 (est.)	828	1,004,035,087	478,063	1,903,463	
June 30, 1964 (est.)	866	1,099,035,087	514,063	2,053,463	

TABLE NO. IV - TELEPHONE CONSTRUCTION
(Cumulative Figures)

Date	Total Loan Funds Advanced to Borrowers	Construction Completed		
		Route Miles of Line Constructed or Improved	Subscribers Receiving New or Improved Service	
June 30, 1950	\$ - -	- -	- -	
June 30, 1951	155,868	b/	b/	
June 30, 1952	7,797,218	204	1,686 a/	
June 30, 1953	31,662,022	8,243	24,729 a/	
June 30, 1954	60,102,148	26,541	85,000 a/	
June 30, 1955	99,889,134	45,498	148,000 a/	
June 30, 1956	153,808,413	68,607	223,000 a/	
June 30, 1957	226,748,656	103,064	368,804	
June 30, 1958	309,608,665	144,556	537,562	
June 30, 1959	402,878,138	182,893	741,283	
June 30, 1960	501,262,035	219,051	935,062	
June 30, 1961	609,326,639	259,683	1,112,255	
June 30, 1962	706,563,875	292,700	1,295,658	
June 30, 1963 (est.)	806,563,875	328,700	1,475,658	
June 30, 1964 (est.)	906,563,875	363,700	1,630,658	

a/ Estimated.
b/ Not available.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1962, were actually received or programed for 1963 and 1964. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	: Obligations, 1962	: Estimated Obligations, 1963	: Estimated Obligations, 1964
Allocations and Working Funds	:	:	:
(Advances from other agencies):	:	:	:
<u>Consolidated Working Fund, General,</u>	:	:	:
<u>Agriculture</u> - For area redevelopment:	:	:	:
program	\$169,303	\$339,000	\$380,000
<u>Agency for International Develop-</u>	:	:	:
<u>ment</u> - For technical assistance	:	:	:
programs	- -	20,350	21,240
Total, Allocations and Working Funds .	169,303	359,350	401,240
Obligations under Reimbursements from	:	:	:
Governmental and Other Sources:	:	:	:
<u>Salaries and expenses</u>	31,203	20,000	- -
TOTAL, OBLIGATIONS UNDER ALLOTMENTS	:	:	:
AND OTHER FUNDS	200,506	379,350	401,240

FARMERS HOME ADMINISTRATION

Purpose Statement

The Farmers Home Administration, established November 1, 1946 pursuant to the Farmers Home Administration Act of 1946, approved August 14, 1946, conducts the following activities:

1. Makes direct and insured farm ownership loans pursuant to subtitle A of the Consolidated Farmers Home Administration Act of 1961, as amended. Such loans are made to farmers and ranchers including persons engaged in fish farming for acquiring, enlarging, or improving farms and farm buildings; land and water development, use and conservation; forestry development; recreational facilities; refinancing indebtedness; and for loan closing costs. Loans are confined to farms which are not larger than family farms. A loan cannot exceed \$60,000 in any case. Loans are repayable in not more than 40 years and bear interest not in excess of 5 percent. Insured loans are made with funds advanced by private lenders and payments of principal and interest are fully guaranteed. The Government retains at least one-half of one percent interest as an insurance premium. Any interest in excess of one-half of one percent which is not paid to the lender is available for administrative expenses of the Farmers Home Administration. The Administration services these insured loans, makes collections, and pays the lender.
2. Makes direct and insured soil and water conservation loans pursuant to subtitle A of the Consolidated Farmers Home Administration Act of 1961, as amended. Such loans are made to farmers and ranchers including persons engaged in fish farming and to associations for the effective development and utilization of water supplies and for the improvement of farm land by soil and water conserving facilities and practices. Loans to associations also may be made for shifts in land use including the development of recreational facilities. Loans may be made on farms of any size. For loans to individuals, a loan cannot exceed \$60,000 in any case. For loans to associations, the unpaid principal indebtedness is limited to \$500,000 in the case of a direct loan and \$1,000,000 in the case of an insured loan. Loans are repayable in not more than 40 years and bear interest not in excess of 5 percent. Insured loans are made on the same basis as applicable to farm ownership insured loans.
3. Makes direct operating loans pursuant to subtitle B of the Consolidated Farmers Home Administration Act of 1961, as amended. Such loans are made to farmers and ranchers including persons engaged in fish farming for paying costs incident to reorganizing a farming system for more profitable operations; for a variety of essential farm operating expenses such as purchase of livestock, farm equipment, feed, seed, fertilizer and farm supplies; for financing land and water development, use and conservation, including recreational uses and facilities, for refinancing indebtedness; for other farm and home needs; and for loan closing costs. Loans are confined to operators of not larger than family farms. The outstanding principal loan balance for operating loans is limited to \$35,000. Loans bear interest at 5 percent and may be made for periods up to 7 years, but may be renewed for not more than 5 additional years. Loans are secured by crop and chattel liens and, when necessary, by real estate mortgages.

4. Makes direct rural housing loans pursuant to title V of the Housing Act of 1949, as amended. Building loans are made to farm owners, to owners of other real estate in rural areas, to elderly persons who own land or who can buy a small tract in rural areas, and to long-term farm leaseholders to construct, improve, alter, repair, or replace dwellings and essential farm service buildings. Direct farm enlargement and development loans, along with building loans, are also made to farm owners on potentially adequate farms who need to develop their farms so as to increase their income sufficiently to repay the loans. Loans are repayable in not more than 33 years and bear interest at 4 percent.
5. Makes rural housing repair and improvement grants pursuant to title V of the Housing Act of 1949, as amended, for such minor items as repairing roofs, providing toilet facilities, providing a convenient and sanitary water supply, supplying screens, etc. In some cases, combination loans and grants are made, but the loan, grant, or combination may not exceed \$1,000.
6. Makes insured farm labor housing loans pursuant to title V of the Housing Act of 1949, as amended. Such insured loans are made either to farm owners or to organizations to provide modest living quarters and related facilities for domestic farm labor. These loans, which are made with funds advanced by private lenders, are repayable in not more than 33 years. Otherwise insured farm labor housing loans are subject to the same terms and limitations applicable to other types of insured loans.
7. Makes insured loans for rental housing for the elderly pursuant to title V of the Housing Act of 1949, as amended. Such insured loans are made to individuals, corporations, associations, trusts, or partnerships to provide moderate cost rental housing and related facilities for elderly persons in rural areas. These loans, made with funds advanced by private lenders, are repayable in the number of years best suited to the individual case and bear interest at 5-3/4 percent. No loan may exceed \$100,000. Annual payments of principal and interest to lenders are fully guaranteed. The Government retains at least one-half of one percent interest as an insurance premium. Any interest in excess of one-half of one percent which is not paid to the lender is available for administrative expenses of the Farmers Home Administration. The Administration services these insured loans, makes collections, and pays the lender.
8. Makes direct loans for rental housing for the elderly pursuant to title V of the Housing Act of 1949, as amended. Such direct loans are made to private nonprofit corporations and consumer cooperatives to provide modest cost rental housing and related facilities for elderly persons of low or moderate income in rural areas. These direct loans, made from the Rural Housing for the Elderly Revolving Fund, are repayable in not more than 50 years and bear interest at a rate similar to that of the direct loan program of the Housing and Home Finance Agency for the elderly in urban areas which is currently 3½ percent.
9. Beginning with fiscal year 1964 the Farmers Home Administration will provide technical assistance and make loans for rural renewal activity pursuant to Sec. 102 of the Food and Agriculture Act of 1962. Loans will be made to local agencies or groups for rural renewal projects specifically related to conservation and land utilization. Each project financed with

loan funds will be an important component of an overall rural renewal plan developed to rebuild the economy of the designated area. To be eligible for designation as a rural renewal area, the locality must be one of chronic underemployment on farms and unemployment in the surrounding communities. The area must also be one in which agriculture or forestry contribute substantially to the economy. Rural renewal loans will be repayable in not more than 30 years, with repayment of principal and interest deferred up to 5 years, if necessary. Loans will bear interest at the average rate paid by the U. S. Treasury on obligations of similar maturity. The present rate is 2.936 percent. Loans in excess of \$250,000 will require approval of the Committee on Agriculture of the House and Committee on Agriculture and Forestry of the Senate.

10. Makes direct emergency loans pursuant to subtitle C of the Consolidated Farmers Home Administration Act of 1961. Such loans may be made in designated areas where a natural disaster has caused a general need for agricultural credit which cannot be met for temporary periods of time by private, cooperative, or other responsible sources, including the Farmers Home Administration in its regular loan programs. Emergency loans are made to established farmers, ranchers (including persons engaged in fish farming) and oyster planters, and to private domestic corporations or partnerships engaged primarily in farming, ranching or oyster planting. Emergency loans may be made for any of the purposes for which farm ownership, soil and water conservation, and operating loans are authorized. Emergency loans bear interest not in excess of 3 percent and are repayable not later than regular loans made by the Farmers Home Administration for similar purposes. Loans may be made outside of designated emergency areas to persons or corporations who have suffered severe production losses not general to the area, or to persons who are indebted for emergency loans made by the Farmers Home Administration under prior authorities.

11. Makes watershed and flood prevention loans from funds appropriated under "Watershed protection" and under "Flood prevention," under the Soil Conservation Service. Such loans are made to local organizations for installing, repairing or improving works of improvement and water storage facilities, purchasing sites or rights-of-way and for related costs. Loans are repayable in not more than 50 years at an interest rate based on specified outstanding obligations of the Treasury. Total loans outstanding on any one project may not exceed \$5,000,000.

12. Will make resource conservation and development loans in fiscal year 1964 from funds appropriated under "Resource conservation and development projects, Soil Conservation Service." Loans will be made to local organizations and individuals for planned conservation measures and works of improvement as specified in approved work plans.

Technical guidance in planning and carrying out sound farm operations is provided borrowers on the basis of their individual problems and needs. No loan is made to anyone who can secure adequate credit from other sources at reasonable rates. A local county committee of 3 (2 of whom must be farmers) is required to approve each applicant and each loan.

On July 1, 1962, the Administration was servicing the accounts of about 210,200 individual borrowers with outstanding indebtedness of \$1,676,969,000 principal and interest.

The Farmers Home Administration maintains a central office in Washington with program activities decentralized to 43 State offices (a few of which service two or more States), about 1,494 county offices serving all agricultural counties, and a Finance Office in St. Louis, Missouri. The Farmers Home Administration on November 30, 1962, had 5,059 full-time employees, 209 of whom were in Washington, and the balance in the field, and 5,901 State and county committeemen who are part-time employees paid an average of 8 to 10 days a year.

	Estimated Available, 1963	Budget Estimates, 1964
Loan Authorizations: a/		
Direct Loan Account:		
Real Estate Loans:		
Farm ownership	\$40,000,000	\$45,000,000
Soil and water conservation	10,000,000	15,000,000
Subtotal	50,000,000	60,000,000
Operating loans	b/ 300,000,000	300,000,000
Total, Direct Loan Account	<u>350,000,000</u>	<u>360,000,000</u>
Appropriated Funds:		
Rural renewal	- -	2,350,000
Rural housing for the elderly revolving fund . . .	c/ - -	5,000,000
Salaries and expenses	d/ 35,738,000	39,367,000
Total, Appropriations	<u>35,738,000</u>	<u>46,717,000</u>

a/ In addition, obligations for rural housing building loans, including special rural housing loans for the elderly, are estimated at \$187,000,000 in 1963 and \$60,000,000 in 1964 from the Treasury borrowing authorization of \$700,000,000 available for the nine-year period, 1957-1963.

b/ Includes \$10,000,000, representing an authorization to make loans from the Direct Loan Account, contained in the Second Supplemental Appropriation Act, 1962, and available in 1963.

c/ In addition, a 1963 supplemental appropriation of \$5,000,000 is proposed.

d/ In addition, a 1963 supplemental appropriation of \$270,000 for servicing rural housing loans for the elderly is proposed.

(a) Rural Housing Grants and Loans

Note: The budget estimates do not propose any appropriation for 1964 and no appropriation was provided in 1963. The following justifications are presented on the basis of available funds, and the amounts for 1962 and 1963 reflect carryover of unobligated balances from prior years as well as the appropriation made available in 1962 and new borrowing authorization in 1963.

SUMMARY OF INCREASES AND DECREASES, 1964
(On the basis of available funds)

Decrease in building loans	-\$132,000,000
Increase for building loans to the elderly	+\$5,000,000
Increase in enlargement and development loans	+\$900,000
Increase for repair and improvement grants	+\$1,000,000
Net decrease	<u>-125,100,000</u>

PROJECT STATEMENT

(On the basis of available funds)

Project	1962	1963 (estimated)	Change	1964 (estimated)
Rural Housing Grants and Loans:				
Borrowing Authorization:			(1):	
(a) Building loans ..	\$96,374,202	\$182,000,000	-\$132,000,000	\$50,000,000
(b) Building loans for the elderly	- -	5,000,000	+\$5,000,000	10,000,000
Direct appropriation:				
(a) Enlargement and development loans ..	1,750	2,000,000	+\$900,000	2,900,000
(b) Repair and improvement grants	69,390	2,000,000	+\$1,000,000	3,000,000
Total, direct appropriation	71,140	4,000,000	+\$1,900,000	5,900,000
Total obligations a/ ..	96,445,342	191,000,000	-125,100,000	65,900,000
Unobligated balance of borrowing authorization carried forward	342,540,699	201,540,699	-65,900,000	135,640,699
Unobligated balance of borrowing authorization brought forward	-427,611,837	-342,540,699	+\$141,000,000	-201,540,699
Recovery of prior-year obligations	-1,374,204	- -	- -	- -
New borrowing authorization provided in the Senior Citizens Housing Act of 1962	- -	-50,000,000	+\$50,000,000	- -
Total appropriation or estimate	10,000,000	- -	- -	- -

a/ Represents obligations, Capital outlay (loan advances) for 1962 is \$106,214,116, a difference of \$9,768,774 which represents capital outlay (loan advances) against obligations incurred in prior years.

INCREASES AND DECREASES

(1) A decrease of \$132,000,000 for building loans - The decrease from \$182 million in 1963 to \$50 million in 1964 for regular building loans is based primarily on the assumption that new legislation will be enacted early in 1964 that will enable the Farmers Home Administration to make rural housing loans from insured funds. Direct funds will be used only until such time insured funds become available.

The amendments to title V of the Housing Act of 1949 contained in the Housing Act of 1961 broadened the eligibility of individuals for rural housing loans very substantially. The present authority to make loans to owners of real estate in rural areas, other than farmers, has greatly accelerated the rural housing program. The 1962 fiscal year obligations of \$96,374,202 were exceeded in the first three months of 1963 with obligations totaling about \$103.5 million. The accelerated rate is expected to continue in order to meet the heavy demand for these loans from both farm operators and rural residents.

To meet the increased demand, legislation is being proposed to provide a program of insured rural housing loans under title V of the Housing Act of 1949. Under such an insured loan program, it is anticipated that this loan activity will reach the level of \$350 million in 1964, which together with the direct loans of \$50 million will make a total loan program of \$400 million.

(2) An increase of \$5,000,000 in building loans for the elderly - The Senior Citizens Housing Act of 1962, approved September 28, 1962, provided an increase in Treasury borrowing authority through June 30, 1965 from \$650 million to \$700 million, of which \$50 million is available exclusively for building loans to the elderly. Of the \$50 million authorized for these special loans to individuals who are 62 years of age or over, it is estimated that \$5 million will be used during the fiscal year 1963. It is anticipated that this phase of the rural housing program will gain momentum during fiscal 1964 as the availability of this source of needed housing credit for the elderly becomes better known and that loans in 1964 will total \$10,000,000, resulting in the \$5,000,000 increase.

In addition to direct building loans to elderly individuals, the Senior Citizens Housing Act of 1962 also provides for (1) insured rental housing loans under the Agricultural Credit Insurance Fund, and (2) establishment of a revolving fund for modest cost rental housing loans to nonprofit organizations at low interest rates, as set forth under the item "Rural Housing for the Elderly Revolving Fund."

(3) An increase of \$1,900,000 in enlargement and development loans and repair and improvement grants - The Housing Act of 1961 authorized appropriations of not to exceed \$50 million for making rural housing grants and enlargement and development loans, along with housing loans, through June 30, 1965. The Supplemental Appropriation Act, approved September 30, 1961, appropriated \$10 million for these purposes to remain available until June 30, 1965. The Senior Citizens Housing Act of 1962 provided that a rural housing repair and improvement grant may be combined with a building loan, but the loan grant, or combination may not exceed \$1,000. Previously, a combination loan and grant could not exceed \$1,000, and a grant whether or not combined with a building loan could not exceed \$500. During the portion of fiscal 1962 when this assistance was available, less than \$100,000 was obligated for these loans and grants. The remainder of the \$10 million appropriation is available

for these purposes during 1963 and 1964. It is estimated that \$2,000,000 will be used for enlargement and development loans and \$2,000,000 for grants in fiscal year 1963. For 1964, it is anticipated that \$2,900,000 will be required for loans and \$3,000,000 for grants, resulting in the \$1,900,000 increase.

Rural Housing Grants and Loans Under Title V
of the Housing Act of 1949, as Amended

Title VIII of Public Law 87-70 (Housing Act of 1961), approved June 30, 1961, amended Title V of the Housing Act of 1949 and provided building loan funds and appropriation authorities for enlargement and development loans and grants for continuing program activities until June 30, 1965. Public Law 87-70 also included a number of substantial changes in the rural housing program and some new authorizations as outlined below. Title V of the Housing Act of 1949 was subsequently amended by the Senior Citizens Housing Act of 1962.

A. Building Loans (Borrowings from Treasury)

1. Loan Authorizations: An authorization to borrow from the Secretary of the Treasury of \$450,000,000 was available for use during the five-year period July 1, 1956 to June 30, 1961. Public Law 87-70 increased this amount to \$650,000,000 and extended the availability of the revised authorization for an additional four years to June 30, 1965. The effect of this action was to authorize \$427,611,837 for the period July 1, 1961 to June 30, 1965 consisting of the unobligated balance of the original authorization which totaled \$227,611,837 on June 30, 1961, plus \$200,000,000. The Senior Citizens Housing Act of 1962 increased the authorization to borrow from the Secretary of the Treasury to \$700,000,000, of which \$50,000,000 is available exclusively for assistance to elderly persons.
2. Eligibility of Applicants: Prior to Public Law 87-70, only farm owners, owning farms as defined by the Act, were eligible for building loans. The Housing Act of 1961 extended eligibility to (1) owners of other real estate in rural areas and (2) leaseholders of rural real estate if the unexpired terms of the lease runs sufficiently beyond the repayment period of the loan to provide adequate security and a reasonable prospect of accomplishing the objectives of the loan. The Senior Citizens Housing Act of 1962 extends eligibility to elderly persons 62 years of age or over who are or will be the owners of land in rural areas, and permits cosigners on promissory notes in case of elderly applicants who are deficient in repayment ability.
3. Security: Prior to Public Law 87-70, a mortgage was required to be taken on the applicant's equity in the farm. Such security will continue to be taken in most cases, but under the Housing Act of 1961 small loans to be repaid in less than 10 years may be secured by either real estate or chattels. Loans for less than \$1,500 may now be secured by only the borrower's promissory note.
4. Terms of Loans: These loans may be amortized in not more than 33 years at an interest rate of 4 percent.

B. Enlargement and Development Loans (Direct appropriation)

1. Eligibility of Applicants: Direct farm enlargement and development loans, along with building loans, are made to farm owners on potentially adequate farms who can develop their farms within five years so as to increase their income sufficiently to repay the loans.
2. Terms of Loans: These loans may be amortized in not more than 33 years at an interest rate of 4 percent.

3. Contribution Credits: A borrower who receives a farm enlargement and development loan, along with a building loan, may receive a contribution credit, of not to exceed all of the interest and one-half of the annual principal installment, on any of the first five installments provided his income is actually insufficient at the time to meet the full amount of the installment.

C. Repair and Improvement Grants (Direct appropriation)

1. Eligibility of Applicants: Repair and improvement grants may be made to farm owners, to owners of other real estate in rural areas and to farm leaseholders who are unable to repay a loan made for the full cost of such repairs and improvements to dwellings and outbuildings as are necessary to make the buildings safe and sanitary and remove hazards to the health of the occupant, his family or the community. Improvements will include such minor items as repairing roofs, providing toilet facilities, providing a convenient and sanitary water supply, providing screens, etc. A combined loan and grant may be made when the applicant is able to repay a part but not all of the cost of the building improvements.
2. Limits: A repair and improvement grant may be combined with a building loan, but the loan, grant, or combination may not exceed \$1,000 under an amendment contained in the Senior Citizen Housing Act of 1962. Previously, a combination loan and grant could not exceed \$1,000, and a grant whether or not combined with a building loan could not exceed \$500.

D. Insured Loans for Domestic Farm Labor Housing

1. Loan Purposes: Public Law 87-70 authorized insured loans in order to provide modest living quarters and related facilities for domestic farm labor. The Agricultural Credit Insurance Fund authorized by the Consolidated Farmers Home Administration Act of 1961 is utilized in connection with these insured loans which are authorized in the amount of \$25,000,000 annually.
2. Eligibility of Applicants: Farm labor housing loans may be made to (1) a farm owner who can qualify for a rural housing loan to an individual or (2) an organization which cannot provide such housing with its own resources or obtain credit elsewhere to do so. Such an organization must have the legal and actual capacity for borrowing funds, and for constructing and maintaining the property.
3. Terms of Loans: These loans may be amortized in not more than 33 years at an interest rate not in excess of 5 percent with a maximum $4\frac{1}{2}$ percent return to the private lenders.
4. Security: Loans to individual farm owners will be secured in the same manner as rural housing loans. Loans to organizations will be secured by the best lien obtainable on the real property to be improved. Liens may also be taken on other property owned by the applicant and assignments of income may be required to assure payment of the loan.

E. Insured Loans for Rental Housing for the Elderly

1. Loan Purposes: The Senior Citizens Housing Act of 1962 authorizes insured loans to provide rental housing and related facilities to elderly persons and elderly families in rural areas. The Agricultural Credit Insurance Fund authorized by the Consolidated Farmers Home Administration Act of 1961 also will be utilized in connection with these insured loans.
2. Eligibility of Applicants: These insured loans may be made to an individual, corporation, association, trust, or partnership which cannot provide such rental housing and related facilities with its own resources or obtain credit elsewhere to do so. Such an organization must have the legal and actual capacity for borrowing funds and constructing and maintaining the property.
3. Terms of Loans: These insured loans may be amortized in the number of years best suited to the individual case. The interest rate may not exceed that under the Federal Housing Administration insurance program which provides housing for elderly persons whose incomes enable them to afford rentals under the terms of insured financing. The rate for these insured loans to be made by the Farmers Home Administration has been established at 5-3/4 percent. No loan may exceed \$100,000.
4. Security: These insured loans will be secured by the best liens obtainable on the real property. Liens may also be taken on other property owned by the applicant and assignments of income may be required to assure payment of the loan.

Status of Rural Housing Grants and Loans

During the 1962 fiscal year, a total of \$96,374,202 was obligated for building loans, \$1,750 for enlargement and development loans, and \$69,390 for grants, all of which totaled \$96,445,342.

During the 1963 fiscal year, it is estimated that obligations for regular building loans will total \$182,000,000 and such special loans to the elderly will total \$5,000,000 from the extended Treasury borrowing authorization available until June 30, 1965.

During 1963, it is estimated that an additional \$4,000,000 will be obligated from funds provided by appropriation for enlargement and development loans and for grants. About \$2,000,000 of the \$4,000,000 will be used for farm enlargement and development loans, along with building loans, to farm owners on potentially adequate farms who need to develop their farms so as to increase their income sufficiently to repay the loans. About \$2,000,000 of the \$4,000,000 will be used for rural housing repair and improvement grants to farm owners, owners of other real estate and leaseholders in rural areas for repairing roofs, providing toilet facilities, providing a convenient and sanitary water supply, supplying screens, etc.

During 1963, it is estimated that insured loans for farm labor housing will total \$1,000,000 and insured loans for rental housing for the elderly will total \$2,000,000.

1. Applications: During the 1962 fiscal year a total of 43,221 applications for new loans or grants were received. Applications on hand June 30, 1962 totaled 21,120. It is expected that applications in 1963 will exceed the number received in 1962 because of the expanded authorities and the broader eligibility requirements. In addition, 18 applications were received for farm labor housing loans and eight applications were on hand June 30, 1962.
2. Number and Amount of Rural Housing Loans and Grants: The following tables show the number and amount of rural housing loans and grants made under the authority of the Housing Act of 1949, as amended, for the fiscal year 1962, and the estimated number and amount of rural housing loans and grants for the 1963 fiscal year. The 1963 estimate also shows the number and amount of direct loans to the elderly to individuals, and the number and amount of insured loans for rental housing.

Type	1962 (actual)				Repair and Improvement Grants	
	Building Loans		Enlargement and Development Loans		Grants	
	Number	Amount	Number	Amount	Number	Amount
<u>Direct loans and grants:</u>						
Initial Sec. 502						
loans.....	10,667	\$94,025,039	-	-	-	-
Subsequent Sec. 502						
loans.....	641	2,321,193	-	-	-	-
Initial Sec. 503						
loans.....	3	10,710	(2)	\$1,750	-	-
Initial Sec. 504:						
Loans only.....	3	1,850	-	-	-	-
Loans with grants..	33	15,410	-	-	33	\$16,170
Grants only.....	-	-	-	-	112	53,220
Total.....	11,347	\$96,374,202	(2)	\$1,750	145	\$69,390

Insured Loans:

Initial farm labor						
housing loans.....	2	52,500	-	-	-	-

1963 (estimate)

Type	<u>Building Loans</u>		<u>Enlargement and Development Loans</u>		<u>Repair and Improvement Grants</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
<u>Direct loans and grants:</u>						
Initial Sec. 502						
loans	19,000	\$173,000,000	-	-	-	-
Subsequent Sec. 502						
loans	2,000	7,200,000	-	-	-	-
Initial Sec. 503						
loans	425	1,700,000	(400)	\$2,000,000	-	-
Initial Sec. 504:						
Loans only	50	40,000	-	-	-	-
Loans with grants .	100	60,000	-	-	100	\$40,000
Grants only	-	-	-	-	2,400	1,960,000
Total	21,575	\$182,000,000	(400)	\$2,000,000	2,500	\$2,000,000

Insured Loans:

Initial farm labor						
housing loans	5	\$1,000,000	-	-	-	-

Loans to the Elderly in Rural Areas:

Under the Senior Citizens Housing Act of 1962, the following table shows the number and amount of direct loans to individuals and insured loans for rental housing estimated for the 1963 fiscal year:

	<u>Number</u>	<u>Amount</u>
Initial direct loans to individuals	590	\$5,000,000
Initial insured loans for rental housing	30	2,000,000
Total	620	\$7,000,000

3. Use of Loan Funds: A total of 7,327 new dwellings at an estimated cost of \$79,916,807 were planned by the 10,670 borrowers receiving initial Section 502 and 503 building loans in fiscal year 1962. There were 2,420 dwellings to be repaired and 2,855 other farm buildings were planned to be constructed or repaired through the proceeds of all initial loan and grant funds.

About 81 percent of the 1962 funds were planned to be used for new farm dwellings. The average planned construction cost of new dwellings was \$10,907, including loan funds and cash contributions by borrowers, but not including any labor contribution by the borrower. This is \$739 smaller than the 1961 average and is a relatively low average dwelling cost, resulting from borrowers making extensive use of salvage and locally produced materials and utilizing a substantial amount of family labor to do the construction work.

4. Loan Repayments: Rural housing loans are made with an annual common maturity date of January 1. As of January 1, 1962, \$356,447,556 has been advanced to 52,166 borrowers under the rural housing program. Principal payments of \$92,115,205 and interest payments of \$44,274,838 had

been made. In addition, contributions in the amount of \$137,967 were applied to the accounts of 250 borrowers to assist them in developing adequate farms. Of this amount \$46,006 was credited to principal and \$91,961 to interest. Principal write-offs and judgments totaled \$82,266.

By January 1, 1962, 11,775 borrowers had paid their rural housing loans in full. As of the same date, cumulative annual installments in the amount of \$67,982,055 were due from the 40,391 borrowers with outstanding loan balances. The regular principal and interest payments on these installments were \$70,756,154. This represents cumulative regular payments to cumulative installments of 104 percent. Extra payments and refunds of \$4,181,817 were also applied to these borrowers' accounts. On January 1, a total of 37 percent of the borrowers with outstanding loan balances were ahead of schedule an average of \$314 and 10 percent were behind schedule an average of \$478.

Table 1 - Rural Housing Loans: Funds Obligated and Furnished by Borrowers, and Use of Funds,
1962 Fiscal Year

State and territory	Loans to new borrowers																							
	Amount of funds					Use of funds										Number of loans to borrowers	Amount of loans to borrowers and loan costs 2/	Total amount of loans and grants						
	Number	Loans		Grants	Furnished by borrower	Total	New		Dwellings		Repair		Other buildings (new and repair)		Water systems 1/				Amount of fees					
		1	2				3	4	5	Number	6	Amount	Number	7	Number					8	Amount	Number	9	Number	10	11	Number	12	13	14	15	16	17
U. S. Total:	10,818	\$94,054,759	\$69,390	\$4,289,738	\$98,143,887	100.0%	7,327	\$79,916,807	2,120	\$8,324,004	2,855	\$7,804,793	2,687	\$1,710,599	\$627,564	611	\$2,321,193	\$96,445,342						
Percent distribution:								81.2%		8.5%		7.9%		1.8%										
Alabama.....	706	6,318,640	970	454,234	6,773,874	598	6,154,953	82	324,248	45	124,015	266	124,393	16,235	21	65,574	6,385,184							
Alaska.....	16	778,116	0	2,521	780,637	32	599,672	12	74,190	13	77,758	15	24,003	5,011	0	0	778,116							
Arizona.....	38	445,440	0	6,333	451,773	29	382,299	5	29,260	3	29,350	4	8,444	2,420	0	0	445,440							
Arkansas.....	479	3,044,205	8,700	174,741	3,227,646	322	2,709,197	124	302,664	49	137,210	115	54,633	23,942	24	60,068	3,112,973							
California.....	115	1,470,900	0	57,489	1,528,389	88	1,194,281	18	117,449	52	180,737	25	25,467	10,655	12	64,116	1,535,015							
Colorado.....	127	1,316,190	0	30,249	1,346,439	78	1,061,145	43	175,710	43	76,469	29	19,373	13,742	13	53,757	1,369,947							
Connecticut.....	13	137,120	0	3,375	140,495	9	119,775	3	5,950	3	5,950	5	3,169	1,123	0	257	137,377							
Delaware.....	14	153,900	0	21,544	175,444	12	159,074	0	0	3	14,600	2	500	1,270	0	0	153,900							
Florida.....	331	3,243,440	0	148,913	3,392,353	271	3,049,867	50	227,460	26	66,740	58	31,890	16,695	15	64,794	3,308,204							
Georgia.....	605	5,077,390	2,000	228,919	5,308,309	436	4,579,570	134	443,361	91	143,140	136	103,175	39,063	25	91,978	5,174,358							
Hawaii.....	55	653,135	0	9,678	662,808	48	567,118	4	24,325	14	68,150	0	0	3,205	5	43,710	696,840							
Idaho.....	140	1,372,330	0	33,723	1,406,058	73	961,344	58	316,184	43	83,662	34	35,720	8,978	7	11,887	1,384,222							
Illinois.....	87	801,225	0	41,991	843,216	59	674,271	10	34,570	34	122,978	12	9,165	2,435	8	18,447	846,572							
Indiana.....	145	1,440,835	0	49,297	1,490,132	106	1,277,697	22	74,650	47	95,695	19	8,773	3,457	7	15,112	1,428,577							
Iowa.....	199	1,831,270	0	103,768	1,935,038	109	1,386,690	58	201,304	127	320,715	19	13,727	12,502	14	65,315	1,895,585							
Kansas.....	199	1,741,560	370	55,779	1,797,709	114	1,446,770	49	127,325	114	189,937	29	22,331	11,346	13	30,071	1,772,001							
Kentucky.....	202	1,880,310	1,500	80,484	1,961,294	116	1,436,711	48	219,057	12	68,535	66	32,707	12,543	8	19,711	1,901,521							
Louisiana.....	183	1,595,180	0	84,188	1,679,368	116	1,488,660	29	91,548	78	378,400	36	15,552	5,933	17	64,268	1,660,218							
Maine.....	217	1,138,440	3,500	23,219	1,165,159	141	1,066,135	120	275,573	78	378,400	37	37,100	8,947	47	152,950	1,305,890							
Maryland.....	70	703,700	0	26,518	730,218	53	650,545	9	26,260	27	123,171	8	3,300	6,972	3	15,300	739,000							
Massachusetts.....	4	20,900	0	0	20,900	1	11,109	12	3,640	1	5,100	1	610	441	1	2,705	23,605							
Michigan.....	210	2,000,022	2,200	84,095	2,086,319	94	1,237,042	73	389,352	114	420,378	42	23,247	16,300	21	98,279	2,100,502							
Minnesota.....	227	1,575,415	500	82,594	1,658,509	97	1,077,771	58	542,402	138	394,369	42	139,377	10,953	8	24,849	1,680,564							
Mississippi.....	799	5,747,240	14,400	245,568	6,006,248	580	5,173,593	191	547,169	50	112,684	228	139,377	34,155	53	152,287	5,913,567							
Missouri.....	559	4,307,200	1,620	143,605	4,452,425	373	3,721,400	126	331,323	156	302,112	140	122,069	15,701	48	136,012	4,465,032							
Montana.....	145	1,268,490	0	37,862	1,306,352	80	1,020,797	47	177,318	36	65,485	27	33,904	8,448	11	19,450	1,287,940							
Nebraska.....	79	644,860	500	44,534	689,894	41	542,453	33	113,608	30	57,795	14	13,032	3,006	1	14,752	700,118							
Nevada.....	11	144,175	0	100	144,275	7	84,671	2	10,500	3	16,300	1	1,450	1,354	0	16	144,221							
New Hampshire.....	25	103,815	0	1,065	104,880	12	115,100	8	5,500	18	30,400	5	3,405	475	1	1,200	185,015							
New Jersey.....	106	960,065	0	66,634	1,026,699	70	859,353	31	108,278	18	62,005	17	9,560	7,403	5	8,679	968,744							
New Mexico.....	93	747,240	0	34,072	781,312	57	597,258	35	137,740	12	12,234	29	20,680	13,400	3	7,442	754,382							
New York.....	106	5,913,155	500	52,913	6,438,568	35	5,284,807	23	54,696	97	432,044	18	14,098	16,442	7	44,755	5,985,678							
North Carolina.....	604	5,933,155	500	301,432	6,235,087	525	5,700,644	60	276,755	62	129,660	219	81,596	26,745	16	61,768	6,237,538							
North Dakota.....	228	2,235,770	0	63,105	2,298,875	130	1,680,308	65	257,378	129	263,178	70	71,265	28,745	10	96,415	2,297,538							
Ohio.....	106	967,810	500	51,795	1,020,105	62	770,937	26	66,989	58	165,969	16	12,414	3,796	10	61,587	1,029,897							
Oklahoma.....	350	3,089,935	1,990	175,538	3,266,463	258	2,890,170	70	237,316	96	146,813	94	50,435	13,699	17	64,692	3,156,617							
Oregon.....	95	856,550	0	40,664	897,214	56	631,540	26	124,462	35	118,419	22	17,033	3,006	7	11,222	870,772							
Pennsylvania.....	127	1,040,570	500	25,958	1,067,028	44	545,736	45	115,206	112	385,872	16	11,055	9,159	21	134,461	1,175,531							
Rhode Island.....	1	1,500	0	0	1,500	0	0	0	0	1	1,500	0	0	0	0	0	1,500							
South Carolina.....	362	3,464,390	0	244,075	3,708,465	307	3,405,013	47	206,446	23	34,665	100	33,267	29,104	18	44,236	3,508,626							
South Dakota.....	184	1,483,770	0	104,812	1,588,582	84	1,143,821	43	113,420	102	257,820	48	64,912	11,609	18	74,452	1,558,222							
Tennessee.....	614	5,553,345	0	195,812	5,749,157	533	4,884,869	59	209,919	58	117,727	250	146,007	20,639	37	99,739	5,843,084							
Texas.....	184	1,489,360	500	238,349	1,727,709	101	1,395,585	56	204,403	77	242,802	106	91,256	18,813	12	44,889	1,765,399							
Utah.....	164	1,970,550	0	37,751	2,008,301	118	1,671,318	29	172,792	38	119,100	10	8,480	6,611	9	35,248	2,005,798							
Vermont.....	6	14,880	0	365	15,245	1	14,190	4	1,000	8	21,610	2	1,800	315	0	0	14,880							
Virginia.....	181	1,738,400	0	77,988	1,816,388	138	1,515,275	35	155,275	39	74,807	93	53,364	17,685	5	10,900	1,749,300							
Washington.....	161	1,508,190	500	67,967	1,576,657	84	1,042,421	45	218,174	86	261,382	38	44,635	13,045	26	110,933	1,619,623							
West Virginia.....	164	1,489,360	500	84,631	1,574,491	106	1,253,105	48	202,791	29	85,075	58	26,169	7,351	3	8,065	1,497,925							
Wisconsin.....	278	1,978,010	500	94,823	2,073,333	142	1,736,054	90	297,043	326	995,669	31	25,022	19,545	22	88,992	2,067,502							
Wyoming.....	68	634,070	500	28,336	662,906	42	563,871	22	73,948	11	14,118	8	6,565	4,404	1	3,087	637,657							
Puerto Rico.....	283	1,289,460	25,700	14,875	1,329,935	145	995,170	131	261,975	20	57,700	29	13,365	1,525	3	16,852	1,332,012							
Virgin Islands.....	23	280,000	500	6,500	287,000	21	285,000	2	2,000	0	0	0	0	0	0	0	280,500							

1/ Includes two loans in the amount of \$1,750 for land development as follows: Arkansas, one for \$750 and Vermont, one for \$1,000.

2/ "Loan costs" represent the amounts advanced to borrowers for such purposes as the payment of taxes, insurance premiums, etc. Loan costs appear opposite 3 states reporting no number of loans.

Table II - Rural Housing Loans: Number of Borrowers, Amount Loaned and Payments,
Cumulative Through December 31, 1961

State and territory	Total number of borrowers	Total amount loaned	Borrowers paid in full or otherwise satisfied				Borrowers with unpaid balance as of December 31, 1961							
			Number	Payments			Interest $\frac{3}{\%}$	Number	Scheduled installments (principal and interest)	Total	Regular and advance payments made on scheduled installments			Extra payments and refunds
				Total $\frac{1}{\$}$	Principal $\frac{2}{\$}$	Interest $\frac{3}{\%}$					Amount	As percent of schedule		
												$\frac{10}{\$}$	$\frac{11}{\%}$		$\frac{12}{\$}$
U. S. Total.....	52,166	\$356,447,556	11,775	\$61,672,305	\$52,753,567	\$6,918,738	10,391	\$67,982,055	\$714,937,971	\$70,756,154	104		\$4,181,817	
Alabama.....	3,314	23,650,613	626	3,639,672	3,131,004	508,668	2,688	4,331,132	4,894,552	4,610,008	106		284,544	
Alaska.....	23	236,319	1	1,105	1,000	105	22	14,284	19,293	11,661	82		7,632	
Arizona.....	170	1,571,111	77	638,610	553,323	85,317	93	299,395	310,375	303,895	101		7,480	
Arkansas.....	2,575	12,240,091	667	2,404,227	2,073,363	328,864	1,908	2,237,798	2,529,377	2,383,584	107		145,793	
California.....	939	8,022,100	377	2,553,733	2,183,021	370,712	562	1,447,594	1,514,199	1,440,636	100		73,363	
Colorado.....	372	2,635,509	145	911,346	762,754	148,586	227	532,356	543,713	508,432	96		35,311	
Connecticut.....	57	271,615	35	168,670	148,217	20,453	22	26,602	29,000	19,023	95		1,257	
Delaware.....	25	141,115	5	24,534	22,110	2,424	20	20,517	22,000	19,023	93		2,977	
Florida.....	1,734	15,157,013	315	2,199,259	1,927,020	272,239	1,419	2,631,413	2,867,096	2,716,911	103		150,155	
Georgia.....	3,198	20,073,678	727	3,714,500	3,159,816	554,734	2,471	3,703,497	4,217,081	3,941,588	106		305,493	
Hawaii.....	203	1,997,470	55	459,900	384,588	75,312	118	431,096	473,112	472,456	110		20,656	
Idaho.....	716	5,556,328	191	1,313,212	1,099,113	213,799	525	1,251,838	1,278,563	1,245,959	102		32,604	
Illinois.....	665	3,457,759	259	1,019,117	876,715	142,432	406	780,137	818,958	792,763	100		26,195	
Indiana.....	642	4,131,050	199	923,587	790,162	133,425	143	823,413	871,376	844,819	103		26,557	
Iowa.....	983	6,652,561	215	1,035,564	888,439	147,125	768	1,144,973	1,211,351	1,168,115	102		43,236	
Kansas.....	736	4,711,191	169	862,589	711,928	150,661	567	903,962	996,828	918,509	102		78,319	
Kentucky.....	1,226	8,581,958	228	1,159,912	988,340	171,572	998	1,798,400	2,125,363	2,012,866	112		112,497	
Louisiana.....	1,452	9,630,639	360	1,961,106	1,674,636	286,770	1,092	2,306,374	2,559,805	2,455,430	106		104,375	
Maine.....	856	6,346,515	180	783,829	670,681	113,148	676	1,051,615	1,116,322	1,083,540	103		32,782	
Maryland.....	331	2,682,187	93	539,700	461,964	77,736	238	486,576	529,104	501,126	101		28,278	
Massachusetts.....	53	373,973	13	68,818	59,102	9,716	10	78,599	76,752	72,723	93		4,029	
Michigan.....	1,097	7,695,263	266	1,280,818	1,081,873	198,945	831	1,440,844	1,553,815	1,477,284	103		76,531	
Minnesota.....	967	5,512,730	170	800,202	687,620	112,582	797	950,050	1,021,304	977,647	103		43,657	
Mississippi.....	4,378	24,841,690	790	3,510,732	3,054,881	455,851	3,588	4,913,832	5,433,501	5,143,386	105		290,115	
Missouri.....	2,674	14,380,949	711	2,783,102	2,397,735	385,367	1,963	2,538,309	2,803,730	2,616,596	103		187,134	
Montana.....	560	4,607,081	130	874,264	712,999	131,265	430	718,734	782,864	723,103	101		59,761	
Nebraska.....	609	3,415,795	257	1,238,676	1,046,696	191,980	352	716,531	736,096	699,810	98		36,286	
Nevada.....	45	367,446	10	68,659	56,978	11,681	35	106,980	113,886	102,684	96		11,202	
New Hampshire.....	34	152,767	11	48,865	42,683	6,282	23	37,112	39,553	29,553	69		3,837	
New Jersey.....	292	1,986,606	97	487,840	418,085	69,755	195	444,910	448,869	439,346	99		9,523	
New Mexico.....	410	2,913,428	113	790,289	659,446	130,843	267	733,064	781,330	750,640	102		33,690	
New York.....	432	2,952,720	105	532,950	450,242	82,708	327	551,191	590,867	523,405	95		67,462	
North Carolina.....	2,170	16,715,771	416	2,335,827	1,994,654	341,173	1,754	2,977,242	3,512,396	3,317,512	111		194,886	
North Dakota.....	932	8,348,167	100	661,222	556,228	105,294	832	1,436,093	1,855,943	1,354,449	94		131,494	
Ohio.....	567	3,660,314	187	751,969	667,262	90,707	380	686,002	691,170	640,737	106		50,433	
Oklahoma.....	2,203	14,044,444	580	2,939,385	2,489,603	449,782	1,623	2,844,409	3,220,730	3,067,207	104		153,523	
Oregon.....	568	4,274,165	112	793,711	681,317	112,394	426	895,547	899,244	896,417	100		60,767	
Pennsylvania.....	813	4,693,141	252	1,003,484	847,670	155,814	561	820,398	844,369	830,015	101		54,294	
Rhode Island.....	7	14,016,679	1	4,446,446	4,446,446	4,446,446	6	4,446,446	4,446,446	4,446,446	82		4,446	
South Carolina.....	1,773	14,016,679	279	1,641,684	1,377,318	264,366	1,494	2,868,043	3,112,001	2,971,069	104		140,992	
South Dakota.....	684	5,058,148	122	697,223	591,134	106,089	562	838,181	831,888	788,508	94		43,380	
Tennessee.....	2,568	16,717,218	352	1,850,722	1,608,245	242,477	2,216	3,032,962	3,599,580	3,393,216	111		206,364	
Texas.....	2,730	20,440,638	665	1,015,395	3,133,382	582,013	2,065	1,389,205	1,823,929	1,566,926	104		264,003	
Utah.....	785	7,138,599	135	963,902	822,101	141,801	650	1,337,039	1,470,690	1,381,119	104		82,571	
Vermont.....	58	383,695	13	52,447	45,045	7,402	45	49,865	60,888	52,928	106		7,960	
Virginia.....	708	5,384,404	166	1,028,703	869,100	159,603	542	1,282,587	1,413,096	1,306,084	102		107,012	
Washington.....	739	6,402,779	120	776,152	654,470	121,682	619	1,231,549	1,311,611	1,266,972	103		44,646	
West Virginia.....	745	5,518,733	120	745,611	638,448	107,163	695	1,209,508	1,400,299	1,283,664	106		116,635	
Wisconsin.....	1,173	7,821,260	185	862,530	738,349	124,181	988	1,210,910	1,353,622	1,289,252	106		64,370	
Wyoming.....	305	2,211,022	88	558,991	471,777	87,214	217	526,165	535,889	509,587	97		26,302	
Puerto Rico.....	816	4,361,965	210	1,089,598	941,515	148,083	636	785,393	834,498	788,222	100		46,276	
Virgin Islands.....	24	118,318	15	96,009	87,768	10,241	9	23,543	34,270	23,270	99		11,000	

1/ Includes contributions in the form of principal and interest credits as authorized by Section 503 of Title V of the Housing Act of 1949. The contributions credited to the accounts of borrowers paid in full and with unpaid balance totaled \$17,967 of which \$10,000 was credited to principal and \$9,967 to interest.

2/ Includes principal write-offs in the amount of \$29,640 and judgments in the amount of \$22,626.

3/ Does not include interest write-offs in the amount of \$2,937 and judgments in the amount of \$10,333.

(b) Direct Loan Account

	Loan Authorizations		
	Real Estate Loans	Operating Loans	Total
Available authorizations, 1963	\$50,000,000	a/ \$300,000,000	\$350,000,000
Budget Estimate, 1964	60,000,000	300,000,000	360,000,000
Increase	+10,000,000	- -	+10,000,000

a/ Includes \$10 million available in 1963 under the Supplemental Appropriation Act, 1962.

SUMMARY OF INCREASES, 1964
(on the basis of available funds)

Farm ownership loans	+\$5,000,000
Soil and water conservation loans	+5,000,000
Total increase	+10,000,000

PROJECT STATEMENT
(on the basis of available funds)

Project	1962	1963 :(estimated):	Increase	1964 :(estimated)
<u>Loan authorizations:</u>				
1. Real estate loans:				
(a) Farm ownership loans ..	\$39,999,998	\$40,000,000	+\$5,000,000	\$45,000,000
(b) Soil and water conservation loans	8,957,296	10,000,000	+5,000,000	15,000,000
Subtotal, real estate loans	48,957,294	50,000,000	+10,000,000(1)	60,000,000
2. Operating loans	275,000,000	300,000,000	- -	300,000,000
Total, loan program a/	323,957,294	350,000,000	+10,000,000	360,000,000
Unobligated loan authorization expiring	2,042,706	- -	- -	- -
Authorization provided by Supplemental Appropriation Act, 1962 -- available in 1963	10,000,000	-10,000,000	+10,000,000	- -
Total, loan authorizations ..	336,000,000	340,000,000	+20,000,000	360,000,000

a/ Applied costs for 1962 are \$313,200,367, a difference of \$10,756,959 which represents obligations incurred for loan advances of other years.

Explanation and Status of Direct Loan Account

Pursuant to section 338(c) of subtitle D of the Consolidated Farmers Home Administration Act of 1961, a Direct Loan Account was established in fiscal year 1962. Collections of principal and interest on loans outstanding are deposited in the Direct Loan Account and are available for principal and interest payments on notes resulting from borrowings from the Secretary of the Treasury and for making additional loans and advances under subtitles A and B of title III, but

only in such amounts as may be directed by the Congress in annual appropriation acts based on budget estimates submitted to the Congress annually in the usual manner.

The following tabulation reflects the status of this account:

	<u>1962</u>	1963 Estimated	1964 <u>Estimated</u>
Balance available from prior years	\$251,281	\$243,765,996	\$167,063,996
Loan collections, net	250,327,499	284,298,000	303,084,000
New borrowing authorization	<u>326,000,000</u>	- -	- -
Total available	576,578,780	528,063,996	470,147,996
Loan obligations or authorizations	-323,957,294	<u>a/-350,000,000</u>	-360,000,000
Payments of interest on notes to the Treasury	-8,999,853	-11,000,000	-12,500,000
Adjustment of prior year cancellations	<u>+144,363</u>	- -	- -
Balance available in subsequent years	<u>243,765,996</u>	<u>167,063,996</u>	<u>97,647,996</u>

a/ Includes \$10,000 which represents an authorization to make loans from the Direct Loan Account contained in the Second Supplemental Appropriation Act, approved July 25, 1962.

INCREASES

(1) An increase of \$10,000,000 for real estate loans as follows:

(a) An increase of \$5,000,000 for farm ownership loans - Most of the additional \$5,000,000 will be used to provide a more adequate program of loans for reorganization of farms, through enlargement and development, to make them more efficient and to utilize resources to the best advantage. The amendments to the Consolidated Farmers Home Administration Act of 1961 contained in the Food and Agriculture Act of 1962 have further increased the need for loan funds by authorizing loans for recreational uses and facilities and by making persons engaged in fish farming eligible for loans.

Farm ownership loan assistance is an essential tool for use in the rural renewal approach to strengthening the economy in rural areas, including the alleviation of underemployment and unemployment in rural areas. The new rural renewal program is resulting in a sharp increase in a demand for farm ownership loans as individual farm operators recognize the need, and as community development specialists encourage this type of development. To take advantage of improvements in technology and to increase the size of their farm business to a point where they can support their families, thousands of farmers are seeking to enlarge and improve their holdings. Almost half of the farm land transfers in recent years have been made to enlarge farms.

Applications for farm ownership loans were 103 percent greater in fiscal year 1962 than in fiscal year 1961. During the 8-month period from November 1, 1961 to June 30, 1962, operating under the Consolidated Farmers Home Administration Act of 1961, there was an increase in applications of 110 percent

over the same period a year earlier. The trend continues in fiscal year 1963 with applications through August 31, 1962 showing an increase of 56 percent over the same 2-month period in fiscal 1962.

There continues to be a heavy active demand for loans to purchase farms and to refinance existing indebtedness on farms. With the average age of farmers continually climbing upwards and with many farmers now able to take advantage of social security benefits and retire, there is expected a sharp increase in the number of farms available for purchase in the next few years. To maintain the number of family farms a large number of the farms sold should go into the hands of young farmers. This group of farmers almost without exception lacks the equities required by conventional lenders. The need for refinancing springs from the excessive use of short-term credit by many farmers in the distressed conditions that have prevailed in recent years. In addition there has been a sharp increase in the number of farms sold under contract and many contracts have terms that the buyers are unable to meet.

The insured loan program for farm ownership loans is expected to total \$160,000,000 in fiscal years 1963 and 1964 compared to about \$143,000,000 in 1962. The increase in insured loans is expected to result from the \$50,000,000 increase in the annual insurance authority authorized by the 87th Congress and from the relatively more favorable market for insured loans.

(b) An increase of \$5,000,000 for soil and water conservation loans to individuals and groups - Expanded activity under this program is needed in order to make proper use of water resources and carry out soil conservation measures. Recent emphasis on the overall need to improve water facilities of the nation has resulted in stepped up interest in the soil and water conservation loans program as a means of assisting farmers to achieve this end.

The recent demand for loans has increased substantially. Applications for soil and water conservation loans received in fiscal year 1962 were 40 percent greater for individuals and 121 percent greater for associations than in fiscal year 1961. During the 8-month period from November 1, 1961 to June 30, 1962 (operating under the Consolidated Farmers Home Administration Act of 1961) there was an increase in applications of 34 percent from individuals and 191 percent from associations over the same period a year earlier. The trend continues in fiscal year 1963 with respect to applications from associations, with such applications through August 31, 1962 showing an increase of 179 percent over the same 2-month period in fiscal year 1962; applications from individuals have decreased slightly by 8 percent during this 2-month period. The increasing need and demand for soil and water conservation loans to individual farmers is based primarily on the following: (1) The quality and quantity of farm water supplies must be improved to give farm families access to similar conveniences in their homes that urban families take for granted. (2) Dairymen must have access to improved water supplies to meet sanitation standards. (3) Livestock farmers of all types must have access to adequate water supplies to get maximum returns from their herds. (4) Crop farmers need a dependable source of water to help eliminate one of the main risks in farming. (5) Credit assistance is needed in the carrying out of soil conservation measures.

The demand for loans from associations stems from the above reasons and also from the following: (1) The successful operation of association water facilities is encouraging other groups to organize, obtain loans and construct similar facilities. (2) Living conditions on farms and in rural communities must be improved in order to attract farm labor and better tenants. (3) Rural schools need adequate water supplies for sanitation and drinking purposes. (4) Visible supplies of adequate, sanitary water encourage the establishment of rural industries and stimulate building activity thus providing employment for residents of the area. (5) The availability of satisfactory water supplies in rural areas is diminishing due to the pollution of streams, wells and ponds. Treatment of these supplies is often too complex and expensive to be accomplished by the individual user. (6) The increased movement of population into rural areas creates a greater need for safe and dependable domestic water supplies. (7) The lining of existing canals and ditch systems is becoming more essential in order to conserve supplies of irrigation water. (8) The new authority contained in the Food and Agriculture Act of 1962 to make loans to associations for shifts in land use including the development of recreational facilities will create a new demand for loans.

The rural renewal program will also increase the demand for soil and water conservation loans. The development of a rural water system in a depressed area could well be the spark that sets off a local economic explosion.

The authority to make insured loans is not expected to represent any offset to the need for direct loan funds in 1964, primarily because of the backlog of association applications. On July 31, 1962 there were 225 applications representing estimated loans of \$33 million on hand and new applications are being received at the rate of more than \$3 million per month. A further increase in demand is expected. Soil and water conservation insured loans for both individuals and associations are estimated at \$40,000,000 in each of 1963 and 1964 compared to actual insured loans of about \$6,920,000 in 1962.

STATUS OF PROGRAM

Loans Under the Consolidated Farmers Home Administration Act of
1961, as Amended, and Under the Farmers Home Administration
Direct Loan Account

The Consolidated Farmers Home Administration Act of 1961, approved August 8, 1961 provided new and substitute authority for farm ownership, farm operating and soil and water conservation loans which were previously authorized by titles I and II of the Bankhead-Jones Farm Tenant Act, as amended, and the Water Facilities Act of August 28, 1937, as amended. The Consolidated Farmers Home Administration Act of 1961 was subsequently amended by title IV of the Food and Agriculture Act of 1962.

Subtitle A - Real Estate Loans

This subtitle contains the authorizations for farm ownership loans previously made under title I of the Bankhead-Jones Farm Tenant Act and soil and water conservation loans to individuals and associations previously made under the Water Facilities Act. Soil and water conservation loans to individuals and to associations will be continued as separate loan types because the law sets forth eligibility requirements for these loans which include but are broader than the eligibility requirements for farm ownership loans. In many other respects, however, soil and water conservation loans to individuals and farm ownership loans to individuals are subject to the same authorizations and limitations but not purposes. Both direct and insured real estate loans are authorized under the new authority as under the previous authority.

Description and Changes in Authorizations for Farm Ownership Loans

The following is a description of the present farm ownership loan authorizations and a comparison of the principal differences between the present authorizations and those repealed.

1. Eligibility: Farm ownership loans may be made and insured to farmers and ranchers who (1) are citizens of the United States, (2) have a farm background and either training or farming experience which is determined to be sufficient to assure reasonable prospects of success in the proposed farming operations, (3) are or will become owner-operators of not larger than family farms, and (4) are unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time. The Food and Agriculture Act of 1962 provides that persons engaged in fish farming will be considered as farmers.

These eligibility standards are substantially the same as previously prescribed in the Bankhead-Jones Farm Tenant Act except for the requirements with respect to farm background and either training or farming experience. Previously, an applicant was eligible only if he was currently obtaining, or had recently obtained, a substantial portion of this income from farming.

2. Size of Loans:

- A. A farm ownership loan cannot exceed \$60,000 in any case. In addition, the unpaid indebtedness against the farm or other security, including the amount of the farm ownership loan, cannot exceed \$60,000 at the time the loan is made. Also, such indebtedness cannot exceed the normal value of the farm and any additional security. As a further limitation the loan amount which must be certified by the county committee places a ceiling on the amount of a loan which may be advanced. These limitations apply to both direct and insured farm ownership loans and also to soil and water conservation loans to individuals.

Heretofore, no specific dollar limitation applied to farm ownership loans. Under the repealed farm ownership loan authorizations, the indebtedness of a direct loan borrower was limited to the fair and reasonable value of the farm as certified by the county committee, and the indebtedness of an insured loan borrower was limited to 90 percent of such value.

- B. Farm ownership loans are restricted to applicants who are or will become owner-operators of not larger than family farms. The Bankhead-Jones Farm Tenant Act also confined loans to not larger than family-type farms, but it provided that loans on "less than family-type units" be restricted to individuals who were conducting "substantial farming operations".

3. Terms of Loans: There is no change in the requirement that farm ownership loans will be repayable in not more than forty years and will bear interest not in excess of 5 percent. All loans are being made at 5 percent, except those which involve a new special emphasis program for the development of family farm forestry enterprises which bear 3 percent interest.
4. Loan Purposes: Farm ownership loans may be made or insured for acquiring, enlarging, or improving farms, including farm buildings, land and water development, use and conservation, forestry development, recreational uses and facilities, refinancing existing indebtedness, and for loan closing costs.

With respect to the authority for refinancing existing indebtedness, the Bankhead-Jones Farm Tenant Act contained general authority to refinance indebtedness against the farm but only in connection with loans primarily for other purposes. That Act also contained special authority from time to time for making loans for refinancing indebtedness of farmers when such

refinancing was the primary purpose of the loan, but there was a time limit placed on this special refinancing authority. General refinancing authority is now available.

5. Security: Farm ownership loans are required to be adequately secured to protect the interest of the Government. By administrative regulations, any loan of more than \$2,500 and any loan to be paid in more than 10 years will be secured by a mortgage on the farm and such additional security as is deemed necessary. Any loan of not more than \$2,500 to be paid in not more than 10 years may be secured by either a mortgage on the farm or by other real estate or chattel security. Appraisals of security are made on a normal value basis.

Under the Bankhead-Jones Farm Tenant Act, farm ownership loans were secured by either a first or second mortgage on the farm. Family-type farms were appraised on an earning capacity basis and less than family-type farms were appraised on a normal market value basis.

6. State Distribution of Loan Funds: The Act provides that at least 25 percent of the sums authorized in any fiscal year for direct real estate loans to individuals, including the sum of the funds available for both farm ownership and soil and water conservation loans to individuals, will be allocated equitably among the several states and territories on the basis of farm population and prevalence of tenancy. Previously, 100% of the farm ownership direct loan funds were so distributed, except that at least \$100,000 was authorized to be distributed to each state, and except that funds so distributed could be reallocated among the states to meet the needs of qualified veteran applicants, and special distribution of funds, as authorized in appropriation acts, was made for loans in reclamation projects and to entrymen on unpatented public lands.
7. Veterans' Preference: Applications from veterans for farm ownership loans are given preference over applications from nonveterans. Such preference is defined by statute to apply to those applications on file in any county or area office at the same time. The previous statute also provided for veterans' preference but was applied on a broader basis than specified in the new legislation.
8. Loan Authority: The Consolidated Farmers Home Administration Act of 1961 contains no limit on the amount of funds which may be made available annually for direct real estate loans. The Bankhead-Jones Farm Tenant Act confined annual appropriations for farm ownership loans to \$50,000,000. There was no limit in the Water Facilities Act on the amount that could be made available annually for soil and water conservation loans.
9. Insured Loans: The Consolidated Farmers Home Administration Act of 1961, as amended, provides annual insurance authority of \$200,000,000 for insured real estate loans which is \$50,000,000 more than the sum of previous authorities for insured farm ownership (\$125,000,000) and soil and water conservation loans (\$25,000,000). The new statute authorizes

lenders to receive $4\frac{1}{2}$ percent interest of the 5 percent paid by the borrower, and authorizes a minimum 3-year repurchase agreement. Previously, the interest return to lenders was limited to 4 percent within the 5 percent maximum charge to borrowers, and the repurchase agreement to a minimum of 5 years. It has been administratively determined that current money market conditions warrant offering lenders $4\frac{1}{4}$ percent interest return with a 6-year repurchase agreement or a 4 percent interest return with a 3-year repurchase agreement. The money market will be reappraised at frequent intervals.

Status of Direct and Insured Farm Ownership Loans

A total of \$40,000,000 was authorized in 1962 for direct farm ownership loans. In addition, an insured loan authorization was available. A total of \$39,999,998 was obligated for direct loans in 1962. Insured loans during the year totaled \$143,007,680.

The Appropriation Act for 1963 provides authority to use \$50,000,000 from funds available in the direct loan account for real estate loans including direct farm ownership loans. A total of \$40,000,000 of the \$50,000,000 will be available for direct farm ownership loans during 1963. In addition, insured loan authority is available for making farm ownership loans. These direct loan funds will be continued available for farm ownership loans under subtitle A of the Act. As provided by subtitle D of the Act, at least 25 percent of the sums authorized in any fiscal year for direct loans to individuals will be allocated equitably among the several States and territories on the basis of farm population and prevalence of tenancy. This distribution will include funds for direct farm ownership and soil and water conservation loans to individuals, but will exclude funds for direct soil and water conservation loans to associations. The special distribution authorization for loans on reclamation projects and to entrymen on unpatented public lands has been discontinued.

1. Use of Loan Funds: Certain breakdowns of farm ownership loans were maintained prior to October 16, 1961 based primarily on separate authorizations under title I of the Bankhead-Jones Farm Tenant Act, as amended, such as the specific authorization for a limited time to make loans primarily for refinancing existing indebtedness of applicants. Since October 15, 1961, loans are broken down only between those made on farms which are considered to be economic farm units or will become so by use of the loan funds, identified as "adequate family farms", and all other loans which will include loans on farms which are not considered to be economic farm units, identified as "other family farms".

The following tabulation shows the number and amount of initial loans on adequate family farms and on other family farms and subsequent loans estimated to be made in 1963 and actually made in 1962:

	Fiscal Year 1962		Fiscal Year 1963 (Est.)	
	<u>Number</u>	<u>Amount</u> (millions)	<u>Number</u>	<u>Amount</u> (millions)
Initial Loans:				
<u>Adequate family farms:</u>				
Direct.....	1,177	\$23.7	1,330	\$26.6
Insured.....	<u>4,394</u>	<u>89.1</u>	<u>5,325</u>	<u>106.5</u>
Subtotal.....	5,571	112.8	6,655	133.1
<u>Other family farms:</u>				
Direct.....	1,196	13.4	800	9.7
Insured.....	<u>4,176</u>	<u>49.3</u>	<u>5,154</u>	<u>50.0</u>
Subtotal.....	5,372	62.7	5,954	59.7
Total, Initial Loans....	<u>10,943</u>	<u>175.5</u>	<u>12,609</u>	<u>192.8</u>
Subsequent Loans:				
Direct.....	385	2.9	445	3.7
Insured.....	<u>460</u>	<u>4.6</u>	<u>510</u>	<u>3.5</u>
Total, Subse-				
quent loans.....	<u>845</u>	<u>7.5</u>	<u>955</u>	<u>7.2</u>
<u>Total Initial and Subse-</u>				
<u>quent Loans:</u>				
Direct.....	2,758	40.0	2,575	40.0
Insured.....	<u>9,030</u>	<u>143.0</u>	<u>10,989</u>	<u>160.0</u>
Total.....	<u>11,788</u>	<u>183.0</u>	<u>13,564</u>	<u>200.0</u>

2. Applications: A total of 41,532 applications for new farm ownership loans were received in 1962. At the end of the year, 15,698 applications were on hand. The Consolidated Farmers Home Administration Act of 1961 provides that direct and insured loans will be made on the same basis by eliminating the previous provision that an insured loan could not exceed 90 percent of the fair and reasonable value of the farm compared to 100 percent for direct loans. The fact that otherwise eligible applicants can now qualify for both direct and insured loans will result in increased real demand.

Since October 15, 1961, veteran applications have been given preference over nonveteran applications on file in any county office at the same time. Heretofore veterans' preference has been applied almost on a nationwide basis. Under the new policy it will be possible to make loans to many nonveteran applicants who were previously unable to obtain loans because of the demand from veteran applicants.

3. Loans:

- A. Direct Loans: Since inception of the program in 1938 to June 30, 1962, approximately 76,590 loans for more than \$652,891,280 have been made. This number and amount does not include non-cash loans previously made in the liquidation of rural rehabilitation project properties which are also included as farm ownership loans on the loan accounts of the Administration. In the 1962 fiscal year, initial

loans were made to 2,373 families in the amount of \$37,082,033. Subsequent loans to existing borrowers and loan cost items accounted for the balance of \$2,917,997.

Direct initial loan activity for the past five fiscal years is shown on the following table:

Fiscal Year	<u>Initial Loans</u>				
	Initial Veteran Loans		Percent Loans to Veterans	Total	
	<u>Number</u>	<u>Amount</u>	<u>(Number)</u>	<u>All Initial Loans</u>	<u>All Initial Loans</u>
		(millions)		<u>Number</u>	<u>Amount</u>
					(millions)
1958	1,150	\$17.2	77	1,502	\$21.5
1959	1,270	21.1	77	1,648	26.3
1960	977	17.3	71	1,368	23.6
1961	1,107	18.5	65	1,714	28.1
1962	1,105	18.0	47	2,373	37.1

- B. Insured loans: During 1962, insured loan activity totaled \$143,007,680 not including \$71,740 used to refinance existing insured indebtedness when a subsequent loan was being made. Insured farm ownership loans in 1963 are estimated to total \$160,000,000 under the present \$200,000,000 annual loan insurance authority for both farm ownership and soil and water conservation loans. This volume is the result of the increase in insurance authority, the elimination of the limitation on insured loans to 90 percent of the fair and reasonable value of the farm, the increase in the return to lenders from 4 percent to $4\frac{1}{2}$ percent, and the changing of the repurchase period to a minimum of 3 instead of 5 years.

Insured initial loan activity since 1958 through 1962 is shown in the following table:

Fiscal Year	Initial Veteran Loans		Percent Loans to Veterans (Number)	Total	
	Initial Veteran Loans			All Initial Loans	
	Number	Amount (millions)		Number	Amount (millions)
1958	371	\$ 5.3	20	1,852	\$24.9
1959	584	9.1	26	2,286	34.3
1960	251	3.9	23	1,107	16.0
1961	380	5.4	23	1,677	23.9
1962	3,472	57.6	41	2,370	

Total Direct and Insured Initial and Subsequent
Farm Ownership Loans

<u>Fiscal Year</u>	<u>Direct Loans (millions)</u>	<u>Insured Loans (millions)</u>	<u>Total Loans (millions)</u>
1958	\$23.8	\$25.8	\$49.6
1959	28.9	35.4	64.3
1960	26.8	16.6	43.4
1961	31.8	24.9	56.7
1962	40.0	143.0	183.0

4. Loan Repayments:

A. Direct Loans: From the inception of the farm ownership program in 1938 through March 31, 1962 (the latest maturity date in 1962), a total of 81,650 families had been advanced \$669,960,931 for the purchase, enlargement and development of farms including the refinancing of existing indebtedness (these amounts include non-cash loans previously made in the liquidation of rural rehabilitation project properties which are also included as farm ownership loans on the loan accounts of the Administration, and other non-cash loans resulting from the sale to approved applicants of properties received through liquidation of other loans). Principal payments of \$377,133,599 and interest payments of \$141,171,421 had been made. In addition, principal write-offs totaled \$3,044,753 and judgments were \$711,761. A total of 52,311 of the 82,650 families who had received loans had paid their loans in full as of March 31, 1962. Of the number 30,856, or about 59 percent, continued to operate the farms acquired or improved through this program. The remaining 21,455 fully satisfied their accounts, but no longer operated the farms.

As of March 31, 1962, cumulative scheduled installments of \$119,655,699 were due from 30,339 individuals with outstanding loan balances, but regular principal and interest payments made on these installments were \$123,555,563, which was 3 percent, or \$3,899,864 more than required on a schedule amortization basis. An additional \$9,220,680 in refunds and extra payments not applied to scheduled installments were credited to these borrowers' accounts. On the same date, 15,733 borrowers were \$9,390,673 ahead of schedule, an average of \$597 each; 9,882 were on schedule; and 4,724 were behind schedule \$5,490,809, an average of \$1,162.

B. Insured Loans: As of March 31, 1962, \$347,439,331 had been advanced under the insured loan program to 28,377 farm families for the purchase, enlargement and development of farms including some loans primarily for the refinancing of existing indebtedness. Payments by insured loan borrowers totaled \$134,877,460 as of the same date. Of this amount \$78,308,881 represented principal payments \$43,260,241 payments on interest, and \$13,308,338 payments to the mortgage insurance fund. As of March 31, 1962, 5,649 borrowers had paid their loans in full. Of those with unpaid balances, 10,429 were ahead of schedule, 9,574 were on schedule. The amounts of advances and

payments do not include \$5,829,875 which represents refinancing of existing farm ownership loan indebtedness when subsequent loans were being made and the outstanding indebtedness was taken up in the new note.

5. Progress of Borrowers: The progress being made by still indebted farm ownership borrowers after five years of operation is illustrated by the averages contained in the following table:

<u>Item</u>	<u>Year Before Receiving Loan</u>	<u>1961 Crop Year</u>	<u>Percent Increase</u>
Total acres.....	226	278	23
Crop acres.....	125	157	26
Gross cash income.....	\$ 6,653	\$13,162	98
Cash farm operating expenses.	\$ 3,557	\$ 7,777	119
Gross cash income less operating expenses.....	\$ 3,096	\$ 5,385	74
Gross cash income less operating and cash family living expenses.....	\$ 1,731	\$ 3,127	81
Net worth.....	\$12,158	\$20,123	66

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table 1 - Farm Ownership Initial Loans: Total Initial Loan Applications and Number of Initial Direct and Insured Loans,
1961 and 1962 Fiscal Years and Cumulative From Inception of Program

State and territory	1961 fiscal year					1962 fiscal year					Direct loans made 1958 through 1962 fiscal years			Insured commitments 1958 through 1962 fiscal years		
	Number of loan applications			Number of direct loans made	Number of insured commitments	Number of loan applications			Number of direct loans made	Number of insured commitments	1958 through 1962 fiscal years		1958 through 1962 fiscal years			
	On hand beginning of year	Received during year	Total for consideration			On hand beginning of year	Received during year	Total for consideration			On hand end of period	Number	Average amount	Number	Average amount	
																1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
U. S. Total.....	7,662	20,454	28,116	1,714	1,677	8,869	41,532	50,401	15,698	2,373	8,570	76,590	\$8,489	32,544	\$12,869	-
Alabama.....	254	714	968	96	43	264	1,280	1,544	391	100	208	4,742	6,105	956	8,228	
Alaska.....	2	7	9	2	0	5	6	11	4	3	0	25	25,855	3	26,955	
Arizona.....	11	41	52	3	2	17	103	120	41	9	26	14,311	3	82	20,124	
Arkansas.....	167	1,059	1,226	128	148	252	1,781	2,033	370	145	556	3,972	5,794	1,397	7,116	
California.....	41	219	260	15	1	94	507	601	184	37	86	605	13,058	196	18,403	
Colorado.....	75	228	303	8	10	138	867	1,005	463	29	155	508	13,127	436	19,819	
Connecticut.....	7	21	26	1	0	5	40	45	8	1	3	53	11,456	15	9,901	
Delaware.....	10	11	21	5	0	6	50	56	20	1	7	102	8,635	19	12,584	
Florida.....	72	225	297	20	21	94	522	616	174	24	116	724	6,139	481	10,526	
Georgia.....	397	828	1,225	96	24	439	1,511	1,950	507	110	286	5,848	6,139	1,304	9,816	
Hawaii.....	17	36	53	3	5	30	58	88	38	19	7	328	8,233	111	12,039	
Idaho.....	54	262	316	20	12	128	748	846	229	65	181	1,473	14,298	439	15,260	
Illinois.....	105	394	499	61	34	134	705	919	250	60	214	1,376	11,514	539	15,915	
Indiana.....	163	444	607	27	45	152	943	1,095	310	45	197	1,557	11,481	651	16,522	
Iowa.....	111	422	553	36	29	182	1,304	1,466	425	72	333	1,670	12,251	967	17,574	
Kansas.....	229	532	761	37	88	282	943	1,225	446	45	207	1,472	11,272	943	14,217	
Kentucky.....	353	714	1,127	66	38	372	1,168	1,370	358	102	259	2,352	7,361	724	13,654	
Louisiana.....	173	412	565	79	39	222	718	970	254	102	264	2,352	7,361	724	13,654	
Maine.....	1	228	295	17	17	70	647	717	258	17	126	302	9,177	999	10,669	
Maryland.....	21	53	74	3	1	22	115	137	59	8	15	400	9,251	112	10,615	
Massachusetts.....	4	25	29	0	0	7	58	65	8	3	0	110	8,472	16	10,435	
Michigan.....	123	331	454	16	10	153	855	1,008	290	36	103	1,070	9,366	793	13,620	
Minnesota.....	161	834	995	31	23	232	1,819	2,071	664	82	297	2,750	7,093	1,052	11,097	
Mississippi.....	280	730	1,030	101	52	284	1,841	2,125	517	181	500	3,415	8,926	1,715	7,361	
Missouri.....	458	1,071	1,529	55	32	470	2,507	2,977	875	86	516	3,460	8,752	1,994	12,325	
Montana.....	72	285	357	24	37	118	642	760	242	41	206	569	11,563	501	17,106	
Nebraska.....	281	325	606	37	20	276	992	1,271	621	48	220	1,175	12,932	582	16,615	
Nevada.....	2	24	24	3	0	10	66	76	41	1	8	54	13,334	23	16,890	
New Hampshire.....	17	38	55	3	1	13	72	85	24	6	2	60	10,644	22	12,013	
New Jersey.....	19	90	109	11	20	22	172	194	38	11	38	327	10,695	261	11,614	
New Mexico.....	25	112	167	2	26	37	263	300	58	1	77	285	12,394	364	17,781	
New York.....	103	434	537	12	24	155	871	1,026	394	30	114	640	8,043	461	11,926	
North Carolina.....	509	1,271	1,780	137	15	540	2,749	3,205	1,499	142	368	4,475	17,416	1,358	10,651	
North Dakota.....	512	1,064	1,576	64	24	685	1,655	2,540	1,126	57	206	1,116	13,233	1,978	17,680	
Ohio.....	151	462	613	31	8	183	693	876	189	41	82	1,352	10,293	394	14,611	
Oklahoma.....	280	613	893	45	75	322	1,400	1,722	642	67	295	3,459	7,304	1,127	12,470	
Oregon.....	37	148	185	7	6	79	428	507	149	11	117	607	10,138	318	17,464	
Pennsylvania.....	173	435	608	22	28	179	911	1,090	283	26	129	1,183	8,160	770	11,437	
Rhode Island.....	0	9	9	3	0	1	12	13	1	0	1	8	10,772	1	10,600	
South Carolina.....	152	425	577	61	24	185	630	815	162	59	178	2,974	6,340	657	9,736	
South Dakota.....	216	322	538	42	84	182	851	1,033	399	35	290	951	12,920	977	18,731	
Tennessee.....	294	857	1,151	71	106	342	1,255	1,537	552	107	338	2,858	7,932	1,161	11,522	
Texas.....	419	1,017	1,368	27	30	107	1,732	2,248	382	72	258	5,452	9,177	1,568	14,504	
Utah.....	89	170	259	23	8	111	426	533	249	18	111	503	13,343	284	16,622	
Vermont.....	17	121	138	5	4	41	126	167	51	9	11	235	9,066	60	10,551	
Virginia.....	135	500	635	21	37	174	701	875	257	41	111	1,327	8,352	503	14,267	
Washington.....	150	547	697	55	38	182	1,008	1,190	282	85	181	1,228	16,222	703	15,927	
West Virginia.....	98	408	506	12	10	104	1,044	1,177	318	18	105	1,750	6,739	339	11,012	
Wisconsin.....	258	898	1,156	43	43	309	1,468	1,777	559	18	180	2,215	7,426	1,743	11,230	
Wyoming.....	24	69	93	4	5	25	264	289	73	16	63	405	12,711	208	21,443	
Puerto Rico.....	267	278	545	26	11	206	771	977	377	25	71	861	6,251	265	11,238	
Virgin Islands.....	3	2	5	0	0	2	5	7	5	0	0	15	10,451	0	0	

Note: This table includes loans for the purchase, enlargement, development or improvement of farms and loans primarily for refinancing purposes from Federal funds and such loans advanced by private lenders which are insured by the Government.
1/ Average amount of initial and subsequent loans.

Table II - Farm Ownership Initial Loans: Initial Loan Applications From Veterans Only, Number of Initial Direct and Insured Loans and Average Amount, 1961 and 1962 Fiscal Years and Cumulative From 1945

State and territory	1961 fiscal year					1962 fiscal year					Direct loans made 1945 through 1962 fiscal years		Insured commitments 1945 through 1962 fiscal years						
	Number of loan applications			Direct loans made		Insured commitments		Number of loan applications			Direct loans made		Insured commitments		Number		Average amount		
	On hand beginning of year	Received during year	Total for consideration	Number	Average amount	Number	Average amount	On hand beginning of year	Received during year	Total for consideration	On hand end of period	Number	Average amount	Number	Average amount	Number	Average amount		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	
U. S. Total.....	3,365	8,917	12,282	1,107	\$16,733	360	\$14,292	3,762	16,564	20,326	6,310	1,105	\$16,279	3,472	\$16,597	25,735	\$11,942	9,828	\$13,471
Alabama.....	73	327	400	148	11,113	7	7,116	105	512	617	173	10	12,776	87	10,978	1,177	8,981	286	8,745
Alaska.....	1	4	5	1	10,990	0	0	3	3	6	2	2	30,080	0	0	20	23,973	0	0
Arizona.....	5	20	25	3	13,083	0	0	8	48	56	17	3	20,900	14	21,904	90	15,448	36	20,495
Arkansas.....	77	452	529	75	7,977	40	7,568	127	747	874	150	72	8,078	228	7,872	1,293	7,109	407	7,300
California.....	10	95	105	5	18,806	0	0	32	205	237	72	12	29,983	29	23,489	201	15,674	65	19,210
Colorado.....	46	109	155	5	34,452	3	31,440	68	396	464	216	12	26,510	61	25,831	185	16,168	139	20,472
Connecticut.....	1	5	6	0	0	0	0	0	15	15	1	0	0	1	6,650	25	11,643	2	8,138
Delaware.....	3	7	13	2	17,750	0	0	2	13	15	4	0	0	1	21,300	29	10,055	2	13,200
Florida.....	27	106	133	14	11,899	3	14,183	40	226	266	73	8	10,755	52	12,932	361	9,608	179	10,525
Georgia.....	162	306	508	57	15,216	4	13,205	155	550	705	197	37	10,379	101	12,643	1,278	9,729	404	9,363
Hawaii.....	7	10	17	3	15,320	0	0	10	20	30	9	6	21,443	3	24,000	75	12,748	17	12,494
Idaho.....	26	139	165	16	23,032	4	7,934	57	323	393	148	37	19,823	78	19,846	826	16,295	136	16,838
Illinois.....	47	165	212	32	16,635	5	12,670	70	393	462	145	28	16,117	97	20,602	397	13,647	172	17,813
Indiana.....	81	174	255	14	12,236	12	18,236	69	393	462	145	22	15,275	80	18,070	371	14,358	159	17,789
Iowa.....	58	184	242	24	24,924	6	19,367	75	501	576	167	31	27,025	137	23,076	574	17,236	274	20,175
Kansas.....	98	210	308	21	21,858	28	12,973	113	398	511	194	17	19,082	73	17,718	588	13,851	217	15,726
Kentucky.....	184	342	526	50	16,925	8	12,940	183	452	635	178	10	17,546	82	16,802	510	14,250	160	16,562
Louisiana.....	65	158	223	38	10,008	4	7,359	74	293	367	114	41	10,025	101	10,032	617	9,650	233	8,628
Maine.....	24	92	116	17	12,585	9	13,219	27	227	232	79	8	10,978	49	14,860	232	9,762	269	11,082
Maryland.....	5	17	22	1	14,800	0	0	6	35	41	19	0	0	5	7,860	153	10,572	17	9,458
Massachusetts.....	1	14	15	0	0	0	0	4	19	23	3	1	5,500	0	0	65	9,953	5	11,056
Michigan.....	49	154	203	10	20,412	3	18,767	44	350	442	109	15	16,855	37	20,533	338	12,745	286	13,611
Minnesota.....	76	369	443	30	12,963	12	10,441	98	687	785	256	52	16,775	108	15,375	1,025	9,973	281	11,975
Mississippi.....	122	328	450	62	10,896	7	7,074	114	740	854	225	81	7,738	215	9,823	1,684	8,608	596	7,415
Missouri.....	287	648	935	55	19,890	11	13,296	274	1,211	1,485	381	49	15,946	246	15,898	1,605	11,709	645	13,184
Montana.....	37	135	172	22	21,520	11	11,832	50	258	308	104	18	24,827	79	21,641	262	15,997	153	18,552
Nebraska.....	160	178	338	29	22,778	1	17,000	160	475	635	318	32	22,538	107	20,578	471	16,530	185	16,752
Nevada.....	1	13	14	0	0	0	0	5	32	37	19	1	26,000	4	29,875	37	13,099	10	20,518
New Hampshire.....	3	11	14	1	13,500	0	0	4	36	40	11	2	12,400	1	23,500	219	12,008	2	10,122
New Jersey.....	21	25	25	1	10,000	2	8,850	5	55	60	9	5	10,500	7	17,529	219	10,990	60	12,027
New Mexico.....	12	58	70	2	19,500	12	20,832	18	111	129	20	1	38,000	31	19,737	173	14,007	138	18,443
New York.....	43	162	205	8	15,525	9	15,594	135	258	315	115	14	15,089	44	15,738	398	9,428	136	11,463
North Carolina.....	205	524	730	79	16,804	0	0	217	598	815	181	50	13,695	160	14,158	1,319	11,044	444	11,125
North Dakota.....	207	359	566	61	22,452	46	19,243	236	539	775	345	37	23,699	118	20,971	606	17,911	486	18,125
Ohio.....	66	220	286	16	20,531	0	0	85	269	354	64	18	20,047	39	20,668	445	13,420	104	15,239
Oklahoma.....	110	238	348	25	12,333	21	15,617	131	555	687	263	27	12,118	117	14,155	984	10,007	306	13,195
Oregon.....	16	75	91	7	28,486	2	6,950	40	160	200	58	6	19,595	41	21,667	216	15,630	77	18,748
Pennsylvania.....	48	182	231	11	18,655	0	15,617	55	322	377	99	10	11,776	44	15,367	511	9,758	229	10,442
Rhode Island.....	0	6	6	1	8,500	0	0	1	10	11	1	0	0	1	10,000	2	9,700	1	10,000
South Carolina.....	59	173	232	30	14,565	6	13,900	68	248	316	69	30	16,513	61	12,780	631	10,600	167	9,866
South Dakota.....	100	170	270	41	25,447	23	21,616	96	370	466	188	15	24,727	128	23,367	407	18,279	363	20,068
Tennessee.....	107	328	435	21	16,943	29	12,938	135	572	707	211	38	14,455	133	15,140	801	10,657	317	12,476
Texas.....	205	520	730	22	19,300	6	21,162	152	883	1,035	435	42	23,471	138	22,799	1,595	12,555	424	15,540
Utah.....	42	81	123	23	16,033	1	15,000	10	186	226	100	13	17,486	47	17,940	407	14,299	91	16,220
Vermont.....	7	37	44	1	9,800	2	8,775	12	43	55	17	2	16,425	4	18,292	131	9,456	8	13,791
Virginia.....	57	179	236	13	20,512	8	15,664	68	275	343	110	26	18,244	30	17,095	349	14,142	158	13,895
Washington.....	316	383	442	42	19,998	4	9,825	99	492	591	132	56	19,626	93	20,067	687	18,662	231	17,330
West Virginia.....	47	200	247	9	12,196	10	12,118	42	225	267	67	7	12,451	29	12,536	260	9,436	116	11,096
Wisconsin.....	108	387	495	39	16,113	12	12,556	135	551	686	207	31	16,111	73	14,881	719	12,099	540	11,276
Wyoming.....	11	33	44	2	14,100	0	0	1	136	149	38	9	26,307	38	26,543	253	15,118	82	22,350
Puerto Rico.....	105	68	173	8	12,786	3	13,550	61	199	260	100	5	12,440	20	13,698	122	9,490	63	12,296
Virgin Islands.....	1	1	2	0	0	0	0	1	0	1	0	0	0	0	0	4	9,074	0	0

Note: This table includes loans for the purchase, enlargement, development or improvement of farms and loans primarily for refinancing purposes from Federal funds and such loans advanced by private lenders which are insured by the Government.

1/ Average amount of initial and subsequent loans.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table III - Farm Ownership Direct Loans: Use of Funds - Number of Direct Loan Borrowers and Amount Loaned, Including Estimated Amount Furnished by the Borrower, 1962 Fiscal Year

Loans to new borrowers																
State and territory	Number	Amount of funds			Average amount of loan	Purchase of farm and incidental costs	Land improvement	Use of funds			Refinancing			Number of loans to indebted borrowers	Amount of loans to indebted borrowers and loan costs	Total amount of loans
		Loans	Furnished by borrower	Total				Buildings other than dwellings	Dwellings, new and repair	Real estate		Chattel and unsecured				
										2	3		4				5	6	7	8	9	10	11	12	13	14
U. S. Total:	2,373	\$37,082,003	\$2,131,927	\$39,213,930	\$15,527	\$15,519,196	\$1,910,124	\$2,415,507	\$2,815,129	\$14,365,510	\$2,158,164	385	\$2,917,995	\$39,999,998		
Alabama.....	100	1,100,830	60,863	1,161,693	11,008	472,061	43,634	34,980	111,694	458,724	40,600	40,600	22	100,331	1,201,151	
Alaska.....	3	84,360	754	85,114	28,120	5,510	0	16,280	14,140	33,034	6,896	6,896	1	15,620	99,980	
Arizona.....	9	217,200	754	217,954	24,133	51,505	26,931	19,715	19,476	75,250	25,077	25,077	1	31,929	249,129	
Arkansas.....	145	1,217,560	52,054	1,269,614	8,397	315,276	97,200	40,420	150,520	628,977	30,411	30,411	9	36,744	1,256,321	
California.....	37	852,440	2,285	854,725	23,039	32,038	52,050	12,468	66,990	567,323	123,856	123,856	1	4,977	857,417	
Colorado.....	29	728,250	38,738	766,988	25,112	472,586	26,638	8,301	33,197	218,813	7,453	7,453	1	15,932	744,182	
Connecticut.....	1	35,000	0	35,000	35,000	25,200	0	0	0	9,800	0	0	1	2,781	37,781	
Delaware.....	1	16,000	125	16,125	16,000	125	0	0	0	13,300	2,700	2,700	0	0	16,000	
Florida.....	24	354,540	19,895	374,435	14,772	71,445	22,470	5,570	70,345	179,500	24,305	24,305	2	36,737	391,277	
Georgia.....	110	1,357,890	42,777	1,400,667	12,344	71,445	55,005	111,951	107,960	770,508	38,127	38,127	18	128,931	1,486,821	
Hawaii.....	19	266,890	11,680	278,570	14,047	67,717	3,710	16,820	27,750	112,931	49,612	49,612	0	0	266,890	
Idaho.....	65	1,209,990	40,340	1,250,330	18,614	286,522	87,188	40,481	184,954	497,041	114,094	114,094	19	158,264	1,368,204	
Illinois.....	60	1,181,280	99,795	1,281,075	19,688	592,214	57,412	40,079	52,070	447,420	81,281	81,281	6	61,073	1,242,353	
Indiana.....	45	858,730	15,795	874,525	23,169	231,669	20,915	37,880	17,938	481,113	85,510	85,510	2	20,312	879,042	
Iowa.....	72	1,714,530	201,702	1,916,232	23,813	918,614	70,198	112,960	60,477	633,074	120,909	120,909	6	69,222	1,783,752	
Kansas.....	45	707,380	71,922	779,302	15,720	438,178	30,521	36,118	38,269	170,229	65,957	65,957	3	31,418	738,798	
Kentucky.....	81	1,431,550	76,770	1,508,320	17,673	452,299	86,277	117,867	82,075	685,020	82,782	82,782	8	56,511	1,488,061	
Louisiana.....	102	917,200	32,617	949,817	8,992	215,328	96,183	28,870	48,256	528,381	32,799	32,799	18	144,901	1,062,101	
Maine.....	17	174,580	10,248	184,828	10,269	74,366	950	57,605	1,325	37,998	12,564	12,564	3	17,956	192,536	
Maryland.....	8	126,150	7,100	133,250	15,769	55,977	1,225	17,324	9,600	31,114	18,010	18,010	5	43,213	169,363	
Massachusetts.....	3	48,000	3,800	51,800	16,000	20,350	0	7,880	0	14,420	9,150	9,150	0	90	48,090	
Michigan.....	36	608,025	20,793	628,818	16,890	128,317	62,390	113,092	47,829	248,142	29,048	29,048	5	50,217	658,242	
Minnesota.....	82	1,281,000	106,228	1,387,228	15,622	428,472	6,315	133,625	66,158	656,644	94,014	94,014	12	57,271	1,338,271	
Mississippi.....	181	1,439,769	33,528	1,473,297	7,955	100,065	100,065	56,768	246,548	667,201	21,410	21,410	54	222,688	1,662,457	
Missouri.....	86	1,284,080	106,955	1,391,035	14,931	808,010	74,628	70,926	138,491	274,915	24,065	24,065	22	229,047	1,513,127	
Montana.....	41	840,850	56,514	897,364	20,509	442,321	19,495	3,870	33,232	333,846	64,600	64,600	7	105,992	946,842	
Nebraska.....	48	1,023,860	185,739	1,209,599	21,330	999,915	10,235	24,560	11,937	127,972	34,980	34,980	4	34,190	1,058,050	
Nevada.....	1	26,000	0	26,000	26,000	200	0	0	0	24,300	1,500	1,500	0	119	26,119	
New Hampshire.....	6	81,250	16,150	97,400	13,542	56,475	1,200	8,740	1,800	27,460	1,725	1,725	2	25,160	106,410	
New Jersey.....	11	182,350	30,856	213,206	16,577	115,363	200	18,913	18,230	40,880	19,620	19,620	0	6,927	189,277	
New Mexico.....	1	38,000	0	38,000	38,000	100	0	0	1,453	35,055	1,392	1,392	0	1,512	39,512	
New York.....	30	454,740	14,890	469,630	15,158	206,381	10,324	53,704	2,925	173,901	22,395	22,395	1	12,515	467,255	
North Carolina.....	142	2,040,640	53,381	2,094,021	14,371	420,965	89,745	177,597	189,240	1,042,638	173,836	173,836	24	134,206	2,174,846	
North Dakota.....	57	1,238,550	52,660	1,291,210	21,729	909,402	13,032	59,273	61,443	186,194	61,896	61,896	5	54,185	1,292,735	
Ohio.....	795	1,795,410	63,984	1,859,394	19,400	337,420	25,828	109,573	26,814	317,900	41,832	41,832	4	60,671	1,856,081	
Oklahoma.....	67	1,006,440	60,367	1,066,807	15,021	543,284	46,295	36,885	45,639	322,166	72,538	72,538	12	116,330	1,122,770	
Oregon.....	11	190,970	315	191,285	17,361	67,057	11,295	3,300	1,950	78,103	18,978	18,978	3	15,463	206,433	
Pennsylvania.....	26	368,160	17,100	385,260	14,160	151,447	14,659	53,719	6,425	140,302	19,578	19,578	3	19,301	387,461	
Rhode Island.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
South Carolina.....	59	867,200	82,360	949,560	14,698	404,779	32,767	21,204	59,371	372,111	59,328	59,328	17	164,107	1,031,307	
South Dakota.....	35	844,300	80,730	925,030	24,123	559,180	5,030	46,385	39,328	259,703	45,404	45,404	12	74,890	919,190	
Tennessee.....	107	1,550,400	15,402	1,565,802	14,490	709,442	17,017	111,628	154,912	444,947	88,247	88,247	12	77,860	1,638,260	
Texas.....	72	1,601,510	170,521	1,772,031	22,243	1,174,794	86,876	52,089	95,305	362,967	0	0	12	95,472	1,696,982	
Utah.....	18	324,250	0	324,250	18,014	120,570	15,180	3,600	11,400	173,500	17,500	17,500	7	54,535	378,785	
Vermont.....	9	131,310	0	131,310	14,590	43,080	7,880	31,035	1,950	47,365	0	0	3	35,227	166,537	
Virginia.....	41	767,720	14,051	781,771	18,725	266,993	37,501	82,904	46,195	272,466	75,712	75,712	13	89,119	865,839	
Washington.....	85	1,657,279	86,155	1,743,434	19,497	405,333	245,880	132,650	270,633	584,837	104,101	104,101	15	110,411	1,797,690	
West Virginia.....	18	275,510	7,250	282,760	15,306	165,440	6,615	39,395	5,560	62,550	3,200	3,200	0	1,666	277,176	
Wisconsin.....	45	722,670	27,035	749,705	16,059	346,004	22,284	82,953	12,170	271,504	48,790	48,790	9	50,968	773,698	
Wyoming.....	16	446,660	3,125	449,785	27,504	224,764	1,650	15,690	40,352	112,649	48,080	48,080	0	1,116	441,176	
Puerto Rico.....	25	399,380	5,777	405,157	15,975	17,685	54,800	66,800	92,300	139,222	34,350	34,350	1	7,891	407,271	
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

/ "Loan costs" represent the amounts advanced to borrowers for such purposes as the payment of taxes, insurance premiums, etc. Loan costs appear opposite 6 states reporting no number of loans.

Table IV - Farm Ownership Insured Loans: Use of Funds - Number of Insured Loan Borrowers and Amount Loaned, Including Estimated Amount Furnished by the Borrower, 1962 Fiscal Year

State and territory	Loans to new borrowers														Total amount of loans	
	Number	Amount of funds				Average of loan	Use of funds				Loans to indebted borrowers					
		Loans	Furnished by borrower	Total	Total		Purchase of farm and incidental costs	Land improvement	Buildings other than dwellings	Dwellings, new and repair	Refinancing		Number	Amount		
											Real estate	Chattels and unsecured				
1	2	3	4	5	6	7	8	9	10	11	12	13	14			
U. S. Total:	8,570	\$138,442,309	\$9,511,962	100.0%	\$117,957,271	\$16,154	\$69,779,249	\$5,581,035	5.7%	\$4,400,447	31.8%	\$17,116,715	\$10,555,554	7.1%	\$41,565,371	\$113,007,580
Percent distribution.																
Amount.....																
Alabama.....	208	2,078,530	140,513	9.993	2,219,043	53,325	1,125,113	53,325	51,433	179,993	742,873	66,105	12	102,550	2,181,180	
Alaska.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Arizona.....	26	607,700	20,842	3.374	628,542	15,695	139,794	15,695	27,680	44,775	326,879	43,719	0	0	607,700	
Arkansas.....	556	4,601,605	170,681	3.709	4,772,286	336,221	1,304,769	336,221	70,672	1,049,095	2,119,370	203,467	23	100,410	4,405,015	
California.....	86	1,915,500	20,958	22.273	1,936,458	183,412	113,554	45,332	95,246	95,246	1,117,921	351,993	3	54,240	1,969,740	
Colorado.....	155	4,336,520	169,904	21.978	4,506,424	167,663	2,790,290	167,663	99,899	87,102	1,102,225	259,244	13	157,890	4,504,340	
Connecticut.....	3	16,550	100	5.517	16,650	536	536	0	3,450	0	8,100	4,564	1	20,550	16,550	
Delaware.....	7	1,580	1,580	16.543	1,580	0	70,230	0	9,675	16,165	21,310	0	0	0	115,880	
Florida.....	116	1,101,980	31,414	12.948	1,133,394	167,182	153,879	153,879	35,308	667,675	643,539	72,538	12	99,100	1,601,080	
Georgia.....	288	3,676,515	218,417	12.766	3,894,932	152,413	1,524,139	150,610	306,417	366,660	1,401,159	145,937	23	275,605	3,952,330	
Hawaii.....	7	137,670	3,375	141.045	141,045	19,667	71,745	2,900	6,400	38,800	19,200	2,000	0	0	137,670	
Idaho.....	181	3,619,170	146,550	18.999	3,765,720	116,780	1,295,707	116,780	77,263	118,786	1,381,155	517,679	5	77,160	3,697,890	
Illinois.....	214	4,133,380	128,551	19.315	4,261,931	240,182	1,401,182	153,704	106,294	154,031	1,385,687	260,413	8	84,880	4,248,240	
Indiana.....	197	3,634,380	285,728	18.148	3,920,108	159,732	76,791	121,945	121,945	159,507	1,690,213	277,810	10	111,870	3,746,150	
Iowa.....	333	7,398,115	962,793	13.133	8,360,908	22,217	4,742,285	198,833	357,394	195,909	2,060,744	835,743	15	182,515	7,560,650	
Kansas.....	207	3,619,170	146,550	18.999	3,765,720	116,780	1,295,707	116,780	77,263	118,786	1,381,155	517,679	5	77,160	3,697,890	
Kentucky.....	166	3,059,500	188,412	15.610	3,247,912	154,842	1,103,538	225,678	103,608	147,881	1,379,357	176,462	3	22,520	3,082,020	
Louisiana.....	259	2,298,765	146,411	21.515	2,445,176	854,538	1,593,742	75,791	121,945	159,507	1,690,213	277,810	10	111,870	2,460,635	
Maine.....	126	1,679,840	48,500	13.333	1,728,340	59,275	1,100	1,000	61,045	231,719	528,823	159,368	23	183,090	1,863,910	
Maryland.....	45	2,019,940	48,500	14.129	2,068,440	69,275	1,100	1,000	61,045	44,070	70,560	750	0	0	211,940	
Massachusetts.....	103	2,206,470	99,975	21.422	2,306,445	0	0	0	0	0	0	0	0	0	0	0
Michigan.....	297	4,199,440	305,537	44.139	4,505,237	44,139	1,869,119	44,139	274,518	144,341	1,444,773	164,178	11	92,640	2,299,110	
Minnesota.....	510	4,529,592	189,496	9.059	4,719,088	9,059	1,879,380	255,628	165,016	184,108	1,572,087	544,141	12	61,640	4,241,040	
Mississippi.....	566	8,424,865	737,468	16.327	9,162,333	16,327	5,441,588	509,456	379,988	649,389	1,952,202	79,199	10	42,610	8,572,202	
Missouri.....	510	8,424,865	737,468	16.327	9,162,333	16,327	5,441,588	509,456	379,988	649,389	1,952,202	79,199	10	42,610	8,572,202	
Montana.....	206	4,280,395	274,622	44.950	4,555,017	20,487	1,383,844	78,954	46,780	96,897	2,082,313	804,229	7	43,220	4,263,615	
Nebraska.....	220	4,535,860	587,470	51.233	5,123,350	20,618	3,635,315	44,234	80,366	100,690	883,445	379,443	8	110,450	4,646,330	
Nevada.....	8	236,200	490	29.525	236,690	29,525	63,197	9,080	3,600	6,970	129,300	28,443	0	0	236,200	
New Hampshire.....	2	46,500	8,850	15.250	55,350	51,500	0	0	3,600	250	0	0	1	8,300	54,800	
New Jersey.....	36	577,250	44,792	519.042	630,042	15,191	298,079	5,750	9,220	44,000	236,613	64,980	0	0	577,250	
New Mexico.....	77	1,511,940	167,407	19.636	1,679,347	19,636	1,069,839	61,642	20,003	77,267	391,053	59,543	15	138,220	1,650,160	
New York.....	114	1,937,690	80,827	16.997	2,018,517	16,997	972,303	32,497	153,297	39,800	632,810	187,810	6	63,820	2,001,510	
North Carolina.....	368	4,041,790	344,981	52.473	4,386,771	13,320	2,117,877	128,732	255,470	574,351	1,897,923	269,418	19	273,790	4,662,590	
North Dakota.....	406	8,147,680	367,196	8.514	8,514,876	20,068	4,583,890	79,057	424,625	484,783	2,339,222	306,299	29	306,331	8,465,011	
Ohio.....	82	1,626,780	172,137	19.839	1,798,917	19,839	922,331	39,450	103,261	33,590	589,149	111,136	7	7,100	1,633,880	
Oklahoma.....	295	4,177,240	363,118	44.160	4,540,358	14,160	2,733,331	250,437	137,497	237,673	965,923	215,497	16	180,730	4,357,970	
Oregon.....	117	2,685,715	78,106	26.651	2,763,821	21,610	572,515	68,874	77,801	56,352	1,502,444	328,185	5	57,150	2,585,555	
Pennsylvania.....	129	2,194,660	87,720	17.013	2,282,380	17,013	919,746	51,044	332,504	61,380	567,530	250,170	9	57,530	2,252,190	
Rhode Island.....	1	10,000	0	10.000	10,000	100	100	0	0	0	9,900	0	0	0	10,000	
South Carolina.....	178	2,274,915	146,257	24.024	2,421,172	12,781	950,172	77,872	66,460	167,908	975,422	186,368	4	19,080	2,294,025	
South Dakota.....	290	6,290,640	392,386	21.692	6,682,986	21,692	3,704,151	55,469	185,670	184,621	1,949,771	603,304	18	226,800	6,517,400	
Tennessee.....	338	4,826,020	129,532	12.932	4,955,552	14,278	2,117,592	182,029	222,578	595,374	1,556,846	237,133	10	167,200	5,175,580	
Texas.....	302	6,766,207	789,443	22.405	7,555,650	22,405	5,402,379	282,693	159,648	1,275,562	1,275,562	33,115	9	56,390	6,822,597	
Utah.....	111	2,097,825	42,843	18.899	2,140,668	18,899	1,193,828	68,420	124,193	124,193	924,778	220,864	8	75,800	2,173,625	
Vermont.....	11	104,890	3,120	188.010	188,010	3,120	43,519	8,650	42,434	1,009	75,640	13,761	0	0	181,890	
Virginia.....	111	1,893,465	43,910	19.377	1,937,375	17,058	748,835	78,443	146,996	150,364	615,613	197,124	9	66,210	1,959,675	
Washington.....	181	3,344,765	207,295	35.552	3,552,060	18,479	1,053,391	390,184	181,732	367,553	1,260,291	268,909	12	122,270	3,467,035	
West Virginia.....	45	594,500	13,548	608.068	608,068	13,548	28,619	27,159	71,231	28,944	1,577,938	54,137	4	49,300	643,820	
Wisconsin.....	190	2,902,060	277,443	31.779	3,179,503	25,274	1,519,108	73,441	289,793	86,841	1,071,533	138,614	15	105,930	3,007,990	
Wyoming.....	83	2,193,855	208,460	21.025	2,402,315	26,432	1,535,705	50,215	35,453	70,457	555,000	155,705	4	52,400	2,246,255	
Puerto Rico.....	71	813,220	13,567	826.787	826,787	11,454	73,664	150,783	120,718	203,090	217,077	61,455	3	33,700	846,920	
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Table V - Farm Ownerships: Direct Loans - Number of Borrowers, Amount Loaned and Payments,
Cumulative through March 31, 1952

State and territory	Total number of borrowers	Total amount loaned	Borrowers paid in full or otherwise satisfied						Borrowers with unpaid balance as of March 31, 1952					
			Credits						Number	Total	Scheduled installments (principal and interest)	Regular and advance payments made on scheduled installments		Extra payments and refunds
			Total	Principal		Write-offs and judgments	Interest payments 2/	Amount				As percent of schedule		
				1	2								3		4	5	6	7	8	9	10	11	12
U. S. Total.....	82,650	\$659,990,931	52,311	\$322,992,927	\$319,236,413	\$3,756,514	\$65,292,364	30,339	\$119,555,699	\$132,776,243	\$123,555,563	103		\$9,220,680
Alabama.....	5,447	30,878,812	3,759	17,033,231	16,951,837	71,394	3,404,265	1,688	5,313,352	6,046,257	5,507,192	104		539,065
Alaska.....	23	621,929	4	71,994	71,994		15,066	19	95,800	75,494	74,944	78		550
Arizona.....	151	2,121,154	105	1,352,734	1,305,264	46,470	281,693	45	238,444	257,604	242,214	102		15,390
Arkansas.....	4,807	25,998,149	3,145	14,732,612	14,273,290	459,322	3,114,629	1,662	4,808,629	5,461,591	5,066,730	105		394,861
California.....	619	7,860,340	404	4,068,536	4,038,277	30,261	794,420	215	1,035,482	1,156,804	1,020,994	99		1,35,810
Colorado.....	622	7,178,769	430	3,879,187	3,844,451	34,736	723,662	192	1,113,213	1,068,353	992,056	89		76,297
Connecticut.....	56	4,181,881	30	2,092,722	2,088,140	4,582	53,571	26	133,799	140,085	123,242	92		16,844
Delaware.....	105	892,211	73	462,561	468,341	8,220	99,010	32	119,954	150,441	115,590	95		34,751
Florida.....	867	6,090,631	523	2,783,317	2,736,319	46,928	535,160	344	1,171,807	1,330,876	1,140,598	97		189,878
Georgia.....	6,399	37,440,937	4,580	20,041,234	19,914,794	126,440	4,150,674	1,819	5,921,503	7,065,061	5,995,445	101		1,069,616
Hawaii.....	323	2,854,408	242	1,641,588	1,624,112	17,476	351,698	81	318,484	371,057	358,236	112		12,831
Idaho.....	1,172	16,410,592	710	9,238,610	9,216,337	22,273	938,211	758	3,339,555	3,125,458	2,999,752	89		155,706
Illinois.....	1,377	15,403,810	833	7,772,983	7,758,632	14,351	1,571,647	544	2,334,239	2,453,226	2,453,226	105		137,868
Indiana.....	1,201	13,493,095	728	6,393,480	6,378,583	14,997	1,219,551	473	2,395,705	2,706,151	2,621,292	109		124,869
Iowa.....	1,657	20,595,533	971	9,015,461	8,995,109	19,572	1,786,669	686	3,177,355	4,074,591	3,996,524	109		78,067
Kansas.....	1,513	16,793,167	903	8,151,907	8,077,162	84,745	1,578,035	610	3,145,091	3,454,441	3,335,954	106		117,477
Kentucky.....	1,572	16,415,472	1,060	7,795,188	7,764,580	31,608	1,449,320	612	2,402,176	2,867,578	2,750,555	114		117,023
Louisiana.....	2,872	19,328,363	1,943	9,289,663	9,178,309	111,354	2,110,942	1,229	3,942,633	4,444,738	4,130,136	108		314,502
Maine.....	334	2,866,833	124	1,552,976	1,507,268	45,708	135,532	210	750,409	812,469	771,988	103		40,501
Maryland.....	400	3,442,938	256	2,002,278	1,989,194	13,784	423,204	144	624,538	780,527	649,437	104		131,090
Massachusetts.....	111	1,055,653	60	513,022	480,406	32,616	102,217	51	230,994	252,954	224,600	97		38,364
Michigan.....	1,096	8,947,452	710	4,304,533	4,255,584	38,949	916,168	386	1,801,048	2,058,133	1,908,587	106		149,446
Minnesota.....	2,878	19,823,919	1,916	10,903,631	10,778,078	124,553	2,160,982	962	3,515,474	3,851,926	3,738,408	106		123,518
Mississippi.....	6,267	11,769,907	3,350	17,656,218	17,242,652	312,566	4,399,209	2,917	10,284,361	11,281,382	10,491,395	102		789,987
Missouri.....	3,680	31,250,409	2,164	13,555,790	13,510,001	46,789	2,866,683	1,516	6,220,726	6,795,135	6,578,830	106		215,305
Montana.....	789	7,482,562	502	3,462,717	3,391,762	70,955	759,351	287	1,263,990	1,346,814	1,250,106	99		96,708
Nebraska.....	1,165	14,825,735	703	7,282,161	7,165,703	116,458	1,235,822	462	2,456,058	2,795,589	2,735,856	111		59,733
Nevada.....	53	678,918	25	282,126	255,953	26,163	60,595	28	165,923	182,938	168,766	102		14,172
New Hampshire.....	84	846,713	33	234,868	220,618	14,250	42,841	51	215,155	210,405	179,493	83		30,912
New Jersey.....	323	3,425,367	182	1,741,949	1,667,890	74,059	382,436	141	687,826	727,349	624,476	91		102,873
New Mexico.....	324	3,778,835	205	2,050,250	2,005,160	45,555	424,384	119	753,501	820,657	783,731	104		36,936
New York.....	930	7,182,189	592	3,805,325	3,355,365	448,961	774,163	338	1,209,820	1,376,721	1,160,426	96		285,295
North Carolina.....	4,844	34,490,599	3,326	16,749,945	16,694,931	54,014	3,170,920	1,518	4,959,245	5,947,149	5,358,011	108		569,138
North Dakota.....	1,191	15,056,427	607	4,644,566	4,592,062	80,394	798,359	584	2,524,305	2,575,989	2,472,834	94		103,455
Ohio.....	1,429	14,277,998	933	7,357,685	7,262,250	95,435	1,443,695	495	2,276,751	2,627,764	2,457,978	108		139,766
Oklahoma.....	3,571	25,568,640	2,508	15,744,626	15,622,831	121,795	3,164,668	963	4,356,518	5,032,285	4,735,159	109		296,126
Oregon.....	584	6,693,298	419	2,815,181	2,805,588	9,593	580,588	265	1,345,738	1,310,619	1,239,645	91		10,974
Pennsylvania.....	1,221	9,866,228	737	4,693,506	4,614,034	79,472	1,003,435	484	1,715,551	1,965,397	1,744,055	102		221,342
Rhode Island.....	7	77,172	4	29,572	29,572		8,062	3	8,049	8,049	8,049	117		506
South Carolina.....	3,272	19,824,333	2,245	10,380,055	10,314,733	73,323	2,200,135	1,027	3,398,312	3,987,170	3,447,405	101		59,765
South Dakota.....	964	12,015,750	551	4,557,672	4,522,959	34,713	814,910	443	2,090,015	2,139,593	2,089,878	100		19,715
Tennessee.....	2,915	22,731,028	1,747	10,265,994	10,214,756	51,228	2,064,159	1,169	3,968,956	4,381,880	4,159,340	105		222,540
Texas.....	5,691	50,263,399	4,195	32,409,945	32,352,431	57,511	6,435,629	1,496	8,248,588	9,718,265	8,799,325	107		378,996
Utah.....	506	6,766,295	182	1,797,218	1,722,218	75,000	489,109	324	1,637,337	1,699,774	1,585,173	97		114,601
Vermont.....	231	2,089,852	136	967,517	881,613	85,904	195,411	95	326,729	367,818	335,401	102		32,417
Virginia.....	1,357	11,039,719	932	5,379,026	5,338,986	40,040	1,084,846	425	1,788,604	2,047,938	1,708,760	96		339,458
Washington.....	1,135	18,055,448	355	3,192,715	3,152,152	40,567	748,229	770	3,125,677	3,458,509	2,849,576	91		178,873
West Virginia.....	757	5,128,607	447	2,387,713	2,307,488	80,225	519,998	310	1,059,598	1,224,860	1,114,231	105		110,629
Wisconsin.....	2,250	15,741,314	1,413	8,995,172	8,952,044	43,128	1,383,682	837	2,905,887	3,125,819	3,307,928	111		117,861
Wyoming.....	392	5,034,156	187	1,732,110	1,650,738	81,372	385,626	205	1,057,155	1,052,244	999,715	95		52,529
Puerto Rico.....	900	5,581,419	600	3,297,020	3,178,018	119,002	856,630	300	936,790	993,688	939,948	100		53,700
Virgin Islands.....	15	156,850	7	53,340	53,340	0	11,491	8	35,729	40,143	39,643	111		50,500

Note: Includes non-cash advances on sale of rural rehabilitation project farms. Paid up borrowers include those paid through repossession, debt settlement, etc.

1/ Principal write-offs total \$3,044,753 and judgments \$711,751.

2/ Does not include interest write-offs in the amount of \$298,161 and interest judgments in the amount of \$75,888.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table VI - Farm Ownership: Insured Loans - Number of Borrowers, Amount Loaned and Payments, Cumulative Through March 31, 1962

State and territory	Total number of borrowers	Total amount loaned	Borrowers paid in full or otherwise satisfied					Borrowers with unpaid balance as of March 31, 1962					
			Number	Principal	Payments		Number	Scheduled installments (principal and interest)	Total	Regular and advance payments made on scheduled installments			
					Total	Interest 2/				Amount	As percent of schedule	Extra payments and refunds	
													On amount loaned by private lenders	Insurance payments to fund
1	2	3	4	5	6	7	8	9	10	11	12	13	
U. S. Total.....	28,377	\$317,439,331	5,619	\$51,301,136	\$10,719,623	\$7,875,286	\$2,844,337	22,728	\$45,647,852	\$72,856,401	\$68,759,112	105	\$1,097,269
Alabama.....	881	6,979,889	190	1,325,137	265,980	197,111	68,839	691	1,396,643	1,605,398	1,178,075	106	127,323
Alaska.....	3	81,139	0	0	0	0	0	3	16,533	16,867	15,967	97	900
Arizona.....	68	1,300,448	15	213,521	52,336	38,827	13,509	53	230,852	239,786	215,544	93	24,212
Arkansas.....	1,163	8,019,597	233	1,381,757	236,888	175,005	61,883	930	984,746	1,182,292	1,108,364	113	73,928
California.....	156	2,761,124	38	519,073	104,604	77,462	27,142	118	416,281	430,418	402,169	97	28,219
Colorado.....	331	5,579,817	98	1,096,785	242,355	175,770	66,585	233	1,005,408	1,046,318	916,170	94	99,848
Connecticut.....	15	153,459	6	59,899	8,223	3,078	3,078	9	29,112	35,006	32,458	111	2,548
Delaware.....	15	181,790	7	55,500	13,508	10,036	3,472	8	24,169	25,635	23,952	99	1,683
Florida.....	126	1,267,598	77	656,627	118,650	88,272	30,378	349	816,720	920,724	816,573	104	74,151
Georgia.....	1,233	11,905,644	306	2,569,272	494,606	361,325	133,281	887	2,230,289	2,597,096	2,330,592	104	266,504
Hawaii.....	106	1,217,847	34	335,268	74,989	55,510	19,449	72	279,648	339,796	324,438	116	15,358
Idaho.....	326	1,296,138	67	718,585	110,184	77,715	37,715	259	864,744	902,967	818,658	98	54,309
Illinois.....	120	6,244,288	68	661,132	136,580	100,734	35,846	352	1,015,160	1,147,057	1,098,119	108	48,948
Indiana.....	553	8,815,355	108	1,262,589	265,742	194,221	71,521	445	1,684,877	1,930,553	1,821,798	108	108,855
Iowa.....	798	12,869,472	152	1,782,155	383,690	283,876	99,814	646	2,663,995	2,918,415	2,682,479	108	35,936
Kansas.....	829	11,269,744	188	2,010,555	453,395	330,938	122,427	641	2,429,531	2,695,875	2,571,971	106	123,904
Kentucky.....	496	6,645,446	55	598,792	117,507	85,506	32,001	441	1,174,555	1,398,534	1,332,230	114	66,304
Louisiana.....	618	5,279,010	121	965,475	185,094	136,715	48,379	497	943,471	1,063,625	1,012,619	107	51,006
Maine.....	619	5,357,920	85	738,151	129,023	94,200	34,823	534	1,362,037	1,544,232	1,395,301	103	117,931
Maryland.....	105	1,099,449	45	410,372	86,896	63,605	23,091	60	212,052	247,047	225,838	106	21,209
Massachusetts.....	16	170,152	8	80,530	18,566	13,587	5,079	8	33,879	36,297	31,550	93	4,717
Michigan.....	723	9,503,567	147	1,509,721	360,222	250,281	89,951	576	2,402,403	2,688,358	2,516,370	105	169,998
Minnesota.....	927	9,633,040	163	1,321,064	304,732	223,275	81,457	784	1,800,474	2,037,105	1,932,724	104	74,381
Mississippi.....	1,486	10,399,684	318	1,963,498	360,291	283,077	99,214	1,149	1,946,373	2,225,030	2,059,453	106	185,517
Missouri.....	1,736	20,211,869	367	3,032,539	683,777	502,399	181,378	1,349	4,173,839	4,514,247	4,495,599	106	178,578
Montana.....	385	6,120,921	54	640,997	115,240	84,304	30,845	331	909,332	998,940	911,848	100	87,092
Nevada.....	161	7,241,775	70	980,578	210,222	159,256	50,783	383	1,298,983	1,481,773	1,424,453	109	56,420
New Hampshire.....	22	273,262	6	110,460	17,768	12,433	4,995	12	34,522	40,400	38,071	108	3,926
New Jersey.....	245	2,850,019	53	575,367	108,180	79,281	28,699	192	569,440	616,438	584,869	99	51,569
New Mexico.....	328	5,667,710	59	871,393	165,126	121,136	43,990	269	972,945	1,091,804	1,015,255	104	76,549
New York.....	1,041	11,400,109	89	763,290	151,358	119,251	32,107	312	819,283	891,413	822,317	97	69,096
North Carolina.....	1,225	12,603,557	336	2,603,135	572,915	385,040	137,905	889	2,312,592	2,577,866	2,402,068	112	175,798
North Dakota.....	1,827	31,864,957	151	1,993,668	474,536	315,177	129,059	1,676	5,540,289	5,187,223	5,225,051	94	262,169
Ohio.....	363	5,105,285	93	888,283	182,575	134,251	48,324	270	984,958	1,153,416	1,065,213	108	88,203
Oklahoma.....	944	11,313,814	181	1,592,945	329,473	241,859	87,614	763	2,220,973	2,504,119	2,385,209	107	118,910
Oregon.....	251	1,063,717	36	763,701	68,730	24,051	28,681	215	1,166,768	1,202,371	1,159,514	95	20,254
Pennsylvania.....	701	7,644,516	185	1,455,074	311,068	227,513	83,555	516	1,466,768	1,702,371	1,589,514	107	112,757
Rhode Island.....	0	0	0	0	0	0	0	0	0	0	0	0	0
South Carolina.....	594	5,618,857	142	993,951	196,923	145,374	51,549	452	978,820	1,088,213	982,793	100	105,420
South Dakota.....	826	15,041,734	115	1,490,445	336,178	244,462	91,716	711	2,506,619	2,517,230	2,462,427	98	54,803
Tennessee.....	1,041	13,375,015	147	2,952,169	637,228	468,658	168,570	894	1,870,413	2,177,283	2,033,798	109	143,485
Texas.....	978	13,035,986	295	2,942,316	637,228	468,658	168,570	683	2,526,268	2,930,605	2,796,518	111	134,087
Utah.....	223	3,392,652	23	269,140	68,394	58,394	10,000	200	601,358	653,429	615,366	102	38,063
Vermont.....	54	548,094	11	137,083	25,065	18,144	6,921	10	98,768	123,065	108,419	110	14,646
Virginia.....	445	6,177,836	82	860,463	189,404	137,768	51,616	363	1,148,592	1,264,319	1,157,491	102	96,858
Washington.....	657	10,006,132	67	706,076	168,601	124,436	44,165	590	1,933,495	2,006,130	1,907,760	99	98,370
West Virginia.....	320	3,375,263	57	436,116	92,373	67,861	24,512	263	655,219	749,303	701,487	107	17,816
Wisconsin.....	1,655	18,273,511	381	3,325,146	718,336	528,090	190,246	1,274	4,669,734	5,158,617	5,002,951	112	155,666
Wyoming.....	156	3,127,443	26	362,578	59,176	45,893	13,283	132	483,888	537,391	457,942	95	79,449
Puerto Rico.....	227	2,513,371	13	123,006	15,727	11,470	4,257	214	344,334	368,504	332,727	97	35,777
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0	0	0

Note: This table covers loans advanced by private lenders which are insured by the Government. In addition to the amount insured, this table covers small amounts advanced from the Agricultural Credit Insurance Fund, including principal and interest repayments on these advances, for such purposes as the payment of taxes, insurance premiums, etc.

1/ Includes principal write-offs in the amount of \$256,504, and principal judgments in the amount of \$142,586.

2/ Does not include interest write-offs in the amount of \$2,612 and interest judgments in the amount of \$9,740.

Description and Changes in Authorizations for Soil and Water Conservation Loans to Individuals

Real estate loans to individuals authorized by subtitle A of the Consolidated Farmers Home Administration Act of 1961 will be classified as soil and water conservation loans to individuals when the applicant's loan needs can be met within the purposes outlined under "Loan Purposes" set forth below. If the applicant's needs also include the acquisition, enlargement, or improvement of a farm or farm buildings, or the refinancing of existing indebtedness, the loan will be classified as a farm ownership loan. Soil and water conservation loans to individuals are limited to \$60,000 as in the case of farm ownership loans. Previously, the principal indebtedness of an individual for soil and water conservation loans was limited to \$25,000. Soil and water conservation loans to individuals are governed by the same limitations and regulations that apply to direct and insured farm ownership loans with the exception of the broader eligibility criteria noted below.

1. Eligibility: Soil and water conservation loans to individuals are made and insured to farmers and ranchers who are unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time. Borrowers are not required to be citizens of the United States, to have a farm background and either training or farming experience, or to be or become owner-operators of not larger than family farms. These are substantially the same eligibility requirements as were heretofore in effect by administrative regulation for soil and water conservation loans to individuals.
2. Loan Purposes: Soil and water conservation loans to individuals may be made or insured only for land and water development, use and conservation. These purposes include a variety of items involving domestic water, irrigation, and conservation such as terraces, dikes, reservoirs, ponds, tanks, cisterns, wells, pipelines, pumping and irrigation equipment, ditches and canals for irrigation and drainage, waterways, and erosion control structures; also drainage of land which is part of an operating farm unit, land clearing, sodding, subsoiling, land leveling, liming, forestation for sustained yield and tree planting for erosion control or shelter belt purposes. These are essentially the same purposes for which soil and water conservation loans to individuals have been made under the prior authority.

Description and Changes in Authorizations for Soil and Water Conservation Loans to Associations.

The following is a description of the new authorization for soil and water conservation loans to associations and a comparison of the principal difference between the new authorizations and those repealed.

1. Eligibility: Soil and water conservation loans to associations may be made or insured to organizations, including corporations not operated for

profit and public and quasi-public agencies, which propose the application or establishment of soil conservation practices, shifts in land use including the development of recreational facilities, or the construction or improvement of facilities for drainage, or the conservation, development, use, or control of water, primarily for serving farmers, ranchers, farm tenants, farm laborers, or rural residents. The organization must be unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant is located for loans for similar purposes and periods of time. The organization must have the legal capacity necessary for constructing, operating, and maintaining the proposed facility and for obtaining, giving security for, and repaying the loan. It must be financially sound and so organized and managed that it will be able to provide efficient service.

Most of the eligibility requirements are substantially the same as were previously provided by administrative regulation. However, the services provided by a loan may now be primarily for serving farmers, ranchers, farm tenants, farm laborers, and rural residents, while under previous regulations the association had to be engaged primarily in extending such services to farmers.

2. Size of Loan: A soil and water conservation loan to an association may be made under the Consolidated Farmers Home Administration Act of 1961 provided the association's unpaid principal indebtedness for such loans does not exceed \$500,000 in the case of a direct loan and \$1,000,000 in the case of an insured loan. Previously, the statutory debt limit was \$250,000 for both direct and insured soil and water conservation loans to associations.
3. Terms of Loans: A soil and water conservation loan to an association is repayable in not more than forty years and will bear interest not in excess of 5 percent. The interest rate on direct loans has been retained at $4\frac{1}{2}$ percent. The interest rate on insured loans has been retained at a maximum of 5 percent depending on the rate charged by the insured lender. In some cases the margin of an association's projected income over expenses is so narrow that the lower rate for direct loans is justified in order to insure a sound operation and orderly repayment of the loan.

The repealed legislation prescribed no maximum repayment period or interest rate, but the maximum repayment period was established administratively at 40 years and the maximum interest rate at 5 percent for insured loans and $4\frac{1}{2}$ percent for direct loans as at present.

4. Loan Purposes: A soil and water conservation loan to an association may be made to provide for the application or establishment of soil conservation practices, shifts in land use including the development of recreational facilities, the conservation, development, use and control of water and the installation or improvement of drainage facilities. These are the same purposes for which such loans were heretofore advanced, except that the Food and Agriculture Act of 1962 provides for making loans for shifts in land use including the development of recreational facilities.

5. Security: Soil and water conservation loans to associations are required to be secured in a manner which will adequately protect the interest of the Government. Such security includes liens on the association's real and personal property, when applicable, first liens on real and personal property acquired with loan funds, exclusive of easements, rights-of-way and water rights, and liens on the interest of the applicant in easements, rights-of-way, and water rights used in connection with the facility. These are substantially the same security requirements heretofore applicable to soil and water conservation loans to associations. In cases where additional security is necessary to protect the interest of the Government, individual member's liability agreements, security instruments mortgaging the private property of members of the association, and other types of security of this nature may also be taken.

Status of Direct and Insured Soil and Water Conservation Loans to Individuals and Associations

During the 1962 fiscal year, a total of \$11,000,000 was available for direct soil and water conservation loans to individuals and associations. In addition, an insured loan authorization was available. A total of \$8,957,296 was obligated for direct loans. Insured loans during the year totaled \$6,920,575.

The regular Appropriation Act of 1963 provides authority to use \$50,000,000 from funds available in the direct loan account for real estate loans including direct soil and water conservation loans to individuals and associations. A total of \$10,000,000 of the \$50,000,000 will be available for direct soil and water conservation loans to individuals and associations during 1963. In addition, insured loan authority is available for making soil and water conservation loans to individuals and associations. These direct loan funds will be continued available for soil and water conservation loans under subtitle A of the Act.

1. Use of Loan Funds: Soil and water conservation loans continued to be made in 1962 primarily for irrigation and domestic water purposes. The amount of loan funds used strictly for soil conservation purposes was relatively small.

In 1962, about 65 percent of the total amount loaned to individuals was used for irrigation facilities, 5 percent for domestic water supplies, 4 percent for soil conservation practices, 8 percent for other land development 4 percent for drainage and 13 percent for pasture improvement. Of the total amount loaned to associations 90 percent was used for domestic water supplies, 7 percent for irrigation, 2 percent for soil conservation and land development, and 1 percent for refinancing.

A somewhat larger portion of the total direct and insured loans was made in Southern and Midwestern States in 1962 than in 1961. The total amount of direct and insured loans for the fiscal year 1962 in the 17 Western arid and semi-arid States was \$11,312,429. Loans in all other States and territories which were not previously covered by the program, totaled \$4,565,442.

2. Applications: During 1962, 2,160 applications for new loans from individuals and 243 applications from associations were received. On June 30, 1962,

there were 622 applications from individuals and 241 applications from associations on hand.

3. Number and Amount of Loans: The following table shows the number of both direct and insured soil and water conservation loans made in fiscal year 1962 and estimated for fiscal year 1963. A substantial increase in insured loans is estimated for 1963 compared to 1962. This is expected to result from the increase in insurance authority, the increased interest return to the lender from 4 to 4½ percent and the reduced minimum repurchase period from 5 to 3 years.

	Fiscal Year 1962		Fiscal Year 1963 (Estimate)	
	<u>Number</u>	<u>Amount</u> (thousands)	<u>Number</u>	<u>Amount</u> (thousands)
<u>Loans to individuals:</u>				
<u>Initial</u>				
Direct.....	465	\$2,009.0	600	\$2,600.0
Insured.....	397	2,393.5	2,800	13,900.0
Subtotal.....	<u>862</u>	<u>4,402.5</u>	<u>3,400</u>	<u>16,500.0</u>
<u>Subsequent</u>				
Direct.....	54	194.7	80	300.0
Insured.....	37	216.5	175	1,100.0
Subtotal.....	<u>91</u>	<u>411.2</u>	<u>255</u>	<u>1,400.0</u>
<u>Loans to associations:</u>				
<u>Initial</u>				
Direct.....	64	6,719.6	56	7,000.0
Insured.....	29	4,302.5	120	24,250.0
Subtotal.....	<u>93</u>	<u>11,022.1</u>	<u>176</u>	<u>31,250.0</u>
<u>Subsequent</u>				
Direct.....	5	34.0	10	100.0
Insured.....	2	8.1	15	750.0
Subtotal.....	<u>7</u>	<u>42.1</u>	<u>25</u>	<u>850.0</u>
<u>Total all loans, initial and subsequent:</u>				
Direct.....	588	8,957.3	746	10,000.0
Insured.....	465	6,920.6	3,110	40,000.0
Total.....	<u>1,053</u>	<u>15,877.9</u>	<u>3,856</u>	<u>50,000.0</u>

4. Repayments on Loans: Water facilities loans to individuals made prior to September 17, 1954 are on a principal maturity basis with payments scheduled during the year when agricultural income is normally received. Water facilities loans to associations while previously set up on this basis, have been converted to an annual amortized basis. All soil and water conservation loans to individuals and associations are on an amortized basis with annual payments due January 1. The following is the status of accounts reported on the basis of maturities and on an amortized basis as indicated.

Maturity Basis - Paid-up Borrowers and Borrowers Owing Balances

<u>Type of Loan</u>	<u>Loan</u>	<u>Matured</u>	<u>Principal</u>	<u>Interest</u>	<u>Ratio of Principal</u>
	<u>Advances</u>	<u>Principal</u>	<u>Repayments</u>	<u>Payments</u>	<u>Repayments to</u>
	(-----)	Dollars in	millions (-----)		Matured Principal
Water facilities to individuals as of June 30, 1962.....	\$29.8	\$27.3	\$26.8	\$3.8	98.3%

Amortized Basis - Borrowers Owing Balances Only

	<u>Loan</u>	<u>Cumulative</u>	<u>Cumulative</u>	<u>Ratio of</u>	<u>Extra</u>
	<u>Advances</u>	<u>Installments</u>	<u>Regular</u>	<u>Payments to</u>	<u>Payments</u>
	(-----)	(-----)	Payments	Installments	and
			Dollars in	millions (-----)	Refunds
Water facilities loans to associations as of December 31, 1961.....	\$6.5	\$3.8	\$3.9	102%	\$0.1
Soil and water conservation loans to individuals as of January 1, 1962.....	\$28.5	\$13.9	\$12.9	92%	\$0.8
Soil and water conservation loans to associations as of January 1, 1962.....	\$14.0	\$2.5	\$2.4	93%	\$0.2

5. Program Summary: From inception of this program on September 15, 1954 to January 1, 1962, 9,648 direct and insured loans to individuals had been made. On the same date 4,368 borrowers had paid in full their principal indebtedness of \$18,226,104 and had made interest payments of \$2,337,957, including insured loan charges. Of the 5,280 borrowers receiving loans of \$28,545,577 who still owe balances, 1,238 were ahead of their scheduled payments, 1,353 were behind their scheduled payments, and 2,689 were on schedule.

As of January 1, 1962, direct and insured loans had been made to 249 associations. Twenty-three associations borrowing \$195,871 were paid in full. Of the 226 associations owing balances 72 associations were ahead of schedule, 55 were behind schedule and 99 were on schedule as of January 1, 1962.

Table I - Soil and Water Conservation Loans to Individuals and Groups: Number and Amount of Direct Loans,
1962 Fiscal Year and Cumulative From Inception, September 17, 1954 Through June 30, 1962

State and territory	1962 fiscal year											
	Loans to individuals				Loans to groups				Total amount to individuals and groups			
	Initial		Subsequent		Initial		Subsequent		Total amount to individuals and groups		Total amount to individuals and groups	
	Number	Amount	Average amount	Number	Amount	Average amount	Number	Amount	Number	Amount	Number	Amount
	1	2	3	4	5	6	7	8	9	10	11	12
U. S. Total.....	1465	\$2,009,040	\$4,321	54	\$194,712	64	\$6,719,550	\$101,993	5	\$33,994	\$8,957,296	\$31,284,064
Alabama.....	3	4,450	1,483	0	0	1	114,000	114,000	0	0	118,450	152,870
Alaska.....	0	0	0	0	5	0	0	0	0	0	5	11,604
Arizona.....	4	32,200	8,050	1	1,474	0	0	0	0	0	33,674	91,073
Arkansas.....	21	111,000	5,285	1	4,854	1	20,000	20,000	0	0	135,854	180,137
California.....	20	88,610	4,430	4	9,771	1	37,000	37,000	0	0	135,361	1,490,234
Colorado.....	14	124,100	8,864	1	1,875	11	896,210	81,474	0	0	1,022,185	3,261,745
Connecticut.....	0	0	0	0	0	0	0	0	0	0	0	0
Delaware.....	0	0	0	0	0	0	0	0	0	0	0	9,200
Florida.....	2	7,300	3,650	0	24	0	0	0	0	0	7,324	679,569
Georgia.....	3	11,800	3,933	0	0	0	0	0	0	0	11,800	141,629
Hawaii.....	0	0	0	0	0	0	0	0	0	0	0	14,980
Idaho.....	32	239,380	7,481	3	10,334	1	120,000	120,000	0	0	369,714	1,934,069
Illinois.....	0	0	0	0	0	0	0	0	0	0	0	163,565
Indiana.....	2	4,530	2,265	0	0	4	1,232,500	308,125	0	0	1,237,030	1,262,123
Iowa.....	6	20,950	3,492	0	0	0	0	0	0	0	20,950	156,430
Kansas.....	2	15,580	7,790	0	1	0	0	0	0	0	15,581	1,203,837
Kentucky.....	4	26,500	3,125	0	109	1	255,000	255,000	0	0	267,509	1,383,852
Louisiana.....	12	26,425	2,369	0	46	0	0	0	0	0	28,471	210,766
Maine.....	0	0	0	0	0	0	0	0	0	0	0	10,085
Maryland.....	0	0	0	0	0	0	0	0	0	0	0	35,630
Massachusetts.....	7	16,200	2,314	0	0	0	0	0	0	0	16,200	16,200
Michigan.....	5	32,930	6,586	0	0	0	0	0	0	0	32,930	182,745
Minnesota.....	2	3,350	1,675	0	0	0	0	0	0	0	3,350	73,271
Mississippi.....	26	43,560	1,675	0	46	0	0	0	0	0	43,606	313,917
Missouri.....	10	46,450	4,649	0	3	0	0	0	0	0	46,493	338,938
Montana.....	27	130,360	4,828	7	23,980	2	160,000	80,000	0	0	314,340	1,264,438
Nebraska.....	9	38,350	4,251	3	6,020	0	0	0	0	0	44,370	1,322,149
Nevada.....	1	2,500	2,500	0	64	0	95,000	31,667	0	0	97,564	449,955
New Hampshire.....	0	0	0	0	0	0	0	0	0	0	0	0
New Jersey.....	0	0	0	0	0	0	0	0	0	0	0	132,510
New Mexico.....	6	15,900	2,650	1	1,047	2	34,500	17,250	0	0	51,447	91,889
New York.....	2	1,420	710	0	0	0	0	0	0	0	1,420	57,340
North Carolina.....	20	51,740	2,587	0	0	2	632,200	316,100	0	0	683,940	880,482
North Dakota.....	5	10,100	2,020	1	1,450	2	110,000	110,000	0	0	121,550	292,435
Ohio.....	1	2,000	2,000	0	0	0	0	0	0	0	2,000	32,450
Oklahoma.....	19	79,690	4,194	0	0	0	0	0	0	0	79,690	320,424
Oregon.....	11	47,760	4,342	7	14,153	2	134,600	67,300	1	2,394	196,907	999,866
Pennsylvania.....	0	0	0	0	0	0	0	0	0	0	0	286,646
Rhode Island.....	0	0	0	0	0	0	0	0	0	0	0	0
South Carolina.....	8	15,930	1,991	1	1,928	0	0	0	0	0	17,858	191,065
South Dakota.....	34	98,935	2,910	0	0	0	0	0	0	0	98,935	296,344
Tennessee.....	12	25,450	2,121	0	27	3	418,000	139,333	0	0	443,477	662,956
Texas.....	62	289,620	4,671	1	5,822	15	1,508,100	100,540	2	20,600	1,824,112	4,515,932
Utah.....	24	101,640	4,240	12	50,720	3	48,400	15,133	0	0	210,750	1,507,793
Vermont.....	0	0	0	0	0	0	0	0	0	0	0	0
Virginia.....	0	0	0	0	0	0	0	0	0	0	0	10,245
Washington.....	31	153,260	5,266	8	32,238	6	201,200	33,533	1	6,000	402,698	2,414,775
West Virginia.....	0	0	0	0	0	3	480,340	160,113	0	0	480,340	518,677
Wisconsin.....	6	14,230	2,372	1	950	0	0	0	0	0	15,180	57,000
Wyoming.....	10	53,500	5,350	2	17,770	2	222,500	111,250	1	5,000	296,770	949,963
Puerto Rico.....	5	23,300	4,660	0	0	0	0	0	0	0	23,300	638,201
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0	10,000

Note: Subsequent loan amounts include advances to borrowers for payment of taxes, insurance premiums, etc. The number of such advances are not reported. This accounts for instances where subsequent amounts but no numbers are reported.

Table II - Soil and Water Conservation Loans to Individuals and Groups: Number and Amount of Insured Loans, 1962 Fiscal Year and Cumulative From Inception, September 17, 1954 Through June 30, 1962

[illegible]

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Table III - Water Facilities Loans to Individuals Made From 1938 Through September 17, 1954
and Maturities and Collections Through June 30, 1962

State	Cumulative loan obligations 1/	Cumulative loan advances 1/	Matured principal repayments	Collections			Principal		Outstanding principal balance on loan advances	Ratio of principal repayments to matured principal
				Principal repayments	Interest payments	Total	Write-offs	Judgments		
	1	2	3	4	5	6	7	8	9	10
U. S. Total.....	\$29,695,363	\$29,793,426	\$27,306,817	\$26,829,634	\$3,788,233	\$30,617,867	\$64,319	\$49,367	\$2,850,106	98.3%
Arizona.....	1,807,256	1,808,877	1,485,389	1,467,180	268,951	1,736,131	45	506	341,146	98.8
Arkansas.....	1,400	2,385	1,965	1,965	410	2,375	0	0	420	100.0
California.....	2,669,948	2,680,024	2,425,162	2,410,585	357,505	2,768,090	10,898	0	258,541	99.4
Colorado.....	1,824,194	1,812,833	1,639,485	1,589,194	224,685	1,813,879	2,258	12,464	208,917	96.9
Idaho.....	1,943,602	1,954,596	1,769,214	1,750,041	251,119	2,001,160	231	2,778	201,546	98.9
Kansas.....	1,224,517	1,223,945	1,066,621	1,037,633	160,132	1,197,765	3,650	0	182,662	97.3
Missouri.....	52,975	56,725	45,650	44,518	8,803	53,321	431	0	11,776	97.5
Montana.....	1,846,941	1,859,740	1,734,810	1,674,666	245,084	1,919,750	2,456	10,515	172,103	96.5
Nebraska.....	2,193,825	2,203,625	2,053,041	2,032,036	261,707	2,293,743	4,130	0	167,459	99.0
Nevada.....	156,860	161,182	154,696	153,303	22,251	175,554	0	0	7,879	99.1
New Mexico.....	1,519,148	1,526,281	1,385,677	1,303,761	187,951	1,491,712	15,553	0	206,967	94.1
New York.....	4,000	4,675	4,675	4,675	673	5,348	0	0	0	100.0
North Dakota.....	456,785	455,194	433,668	427,995	49,454	477,449	47	300	26,852	98.7
Oklahoma.....	2,542,556	2,553,251	2,259,149	2,239,541	321,691	2,561,232	6,634	0	307,076	99.1
Oregon.....	1,491,800	1,501,164	1,418,469	1,380,862	182,622	1,563,484	1,702	11,481	107,119	97.3
South Dakota.....	534,778	532,077	507,789	476,091	68,458	544,549	894	295	54,797	93.8
Texas.....	4,258,951	4,279,923	4,209,634	4,177,006	440,228	4,617,234	7,819	993	94,105	99.2
Utah.....	1,513,593	1,526,087	1,316,025	1,298,133	248,483	1,546,616	1,781	240	225,933	98.6
Washington.....	2,506,410	2,522,462	2,341,751	2,316,633	345,238	2,661,871	3,861	9,538	192,430	98.9
Wyoming.....	1,445,824	1,428,380	1,053,947	1,043,816	142,088	1,185,904	1,929	257	82,378	99.0

1/ Amounts reflected are cumulative obligations from inception of the program, including \$2,292,858 obligations from "Loans, Grants and Rural Rehabilitation" funds. Loan advances represent charges to borrowers' accounts. The difference between obligations and advances represents non-cash advances and transfers of accounts between states for collection purposes.

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Table IV - Water Facilities Loans to Groups: Number of Groups, Amount Loaned From 1938 Through September 17, 1954,
and Installments Due and Payments, Cumulative Through December 31, 1961

State	Total number of groups	Groups paid in full				Groups with unpaid balance as of December 31, 1961						
		Number	Payments		Interest	Number	Scheduled installments (principal and interest)	Total	Regular and advance payments made on scheduled installments		Extra payments and refunds	
			Total	Principal					Amount	As percent of schedule		
U. S. Total.....	260	\$7,401,269	67	\$1,084,712	\$903,818	\$180,894	193	\$3,769,429	\$3,957,987	\$3,863,953	102	\$94,034
Arizona.....	9	319,500	1	60,356	47,500	12,856	8	195,637	210,267	206,786	106	3,481
California.....	6	271,813	2	30,274	27,502	2,772	4	177,765	179,623	179,623	101	0
Colorado.....	36	900,967	12	177,134	143,967	33,167	24	421,027	422,664	408,000	97	14,664
Idaho.....	36	883,050	14	287,718	232,985	54,733	22	416,556	432,211	424,140	102	8,071
Kansas.....	2	36,750	0	0	0	0	2	18,470	23,427	23,427	127	0
Montana.....	16	476,081	2	11,421	10,800	621	14	352,540	371,228	363,369	103	7,859
Nevada.....	9	387,860	0	0	0	0	9	231,513	246,923	235,759	102	11,164
New Mexico.....	17	412,890	12	195,488	174,890	20,598	5	121,839	124,371	123,762	102	609
North Dakota.....	1	15,000	1	15,728	15,000	728	0	0	0	0	0	0
Oregon.....	15	505,207	5	113,524	89,387	24,137	10	183,500	192,618	189,874	103	2,744
Utah.....	44	1,264,056	9	109,455	93,212	15,943	35	651,949	701,556	681,061	104	20,495
Washington.....	62	1,689,181	6	43,391	35,711	7,680	56	843,957	905,224	880,277	104	24,947
Wyoming.....	7	238,944	3	40,523	32,864	7,659	4	154,676	147,875	147,875	96	0

State and territory	Borrowers paid in full or otherwise satisfied						Borrowers with unpaid balance as of January 1, 1962					
	Total number of borrowers	Total amount loaned	Number	Payments		Interest and charges $\frac{2}{6}$	Number	Scheduled installments (principal and interest)	Total	Regular and advance payments made on scheduled installments		Extra payments and refunds
				Total	Principal $\frac{1}{5}$					Amount	As percent of schedule	
	1	2	3	4	5	6	7	8	9	10	11	12
Ala. J. S. Total.....	2,648	\$46,771,681	4,368	\$20,564,061	\$18,226,104	\$2,337,957	5,280	\$13,937,407	\$13,725,254	\$12,895,017	92	\$30,217
Direct.....	3,356	11,440,970	1,114	3,746,709	3,409,080	339,629	2,242	3,936,063	3,882,934	3,552,412	90	330,522
Insured.....	6,292	32,330,707	3,254	16,815,352	14,817,024	1,998,328	3,038	9,999,344	9,842,320	9,332,605	93	509,715
Alabama.....	79	323,188	48	202,297	177,120	25,177	31	86,961	93,144	89,170	100	3,974
Alaska.....	2	11,599	1	6,161	6,994	1,170	1	1,719	1,204	1,200	69	4
Arizona.....	172	2,317,998	65	741,685	644,484	97,201	107	629,451	593,595	555,946	88	37,649
Arkansas.....	561	2,384,754	273	1,280,096	1,110,005	169,091	288	750,617	782,160	750,617	99	31,543
California.....	433	2,636,380	210	1,456,595	1,294,935	161,660	223	513,342	538,649	490,206	95	48,444
Colorado.....	163	811,031	71	312,319	278,622	33,697	92	238,391	240,556	190,953	80	49,603
Connecticut.....	1	4,900	1	5,566	4,900	0	0	0	0	0	0	0
Delaware.....	3	30,990	1	4,768	4,200	568	5	13,502	13,124	12,676	94	848
Florida.....	377	2,164,893	190	1,002,734	892,494	110,240	187	752,849	719,264	699,002	93	20,262
Georgia.....	289	1,159,615	172	725,470	638,551	86,919	117	307,879	333,139	303,980	99	29,159
Hawaii.....	11	56,810	6	16,915	15,230	1,685	5	44,767	36,118	36,038	91	80
Idaho.....	334	2,156,874	108	579,548	513,400	66,148	226	503,123	479,191	436,698	87	42,193
Illinois.....	133	346,875	73	202,194	181,752	20,442	60	94,570	98,863	93,364	99	5,199
Indiana.....	55	173,415	26	74,335	66,510	7,825	29	58,206	57,082	57,082	98	1,596
Iowa.....	111	400,665	44	145,936	128,670	17,266	67	119,959	131,217	117,852	96	13,365
Kansas.....	330	2,632,717	142	970,569	847,125	123,444	188	1,032,019	977,880	927,137	90	50,743
Kentucky.....	85	266,074	33	81,926	73,999	7,927	52	47,431	44,299	44,299	93	12,067
Louisiana.....	177	759,439	81	440,397	362,234	48,163	96	216,611	211,798	199,402	92	12,396
Maine.....	15	19,785	10	13,332	12,185	1,147	5	4,734	5,322	4,843	102	479
Maryland.....	26	116,440	13	49,988	43,785	6,203	13	48,366	42,731	42,559	88	72
Massachusetts.....	10	31,565	7	24,400	22,465	1,935	3	6,949	6,285	5,785	83	500
Michigan.....	150	742,344	57	276,041	242,309	33,732	93	259,509	253,670	253,670	97	33,736
Minnesota.....	20	54,427	20	54,427	48,650	5,777	33	39,436	36,505	36,505	98	5,729
Mississippi.....	482	1,773,270	290	1,184,436	1,046,776	137,660	192	409,529	372,869	372,869	91	14,256
Missouri.....	319	871,158	160	456,733	402,491	54,242	159	259,022	263,934	243,822	94	20,112
Montana.....	163	683,516	40	174,273	154,816	19,457	123	154,985	175,566	145,657	94	29,909
Nebraska.....	630	3,793,405	290	1,549,637	1,377,418	172,219	340	1,355,375	1,328,515	1,290,666	95	37,889
Nevada.....	29	220,766	12	74,287	66,485	7,802	17	47,543	42,193	42,193	89	9,857
New Hampshire.....	0	0	0	0	0	0	0	0	0	0	0	0
New Jersey.....	66	301,075	29	133,643	118,450	15,193	37	138,693	120,746	119,106	86	1,640
New Mexico.....	321	1,931,340	161	1,111,750	986,767	124,983	160	476,259	486,434	460,323	97	26,111
New York.....	48	166,230	23	77,876	69,130	8,746	25	74,658	57,374	53,708	72	3,666
North Carolina.....	286	942,121	175	621,943	552,813	69,100	111	252,801	288,356	244,949	89	3,864
North Dakota.....	82	184,159	27	39,124	34,138	5,000	55	39,962	34,386	31,895	80	2,491
Ohio.....	32	127,410	16	62,134	55,230	6,904	16	39,494	40,161	35,675	90	4,486
Oklahoma.....	338	2,126,835	158	1,154,459	1,030,911	123,548	180	782,415	742,295	717,936	92	24,359
Oregon.....	277	974,810	72	242,325	233,775	23,775	205	295,856	295,387	269,428	92	25,969
Pennsylvania.....	45	86,682	29	55,535	49,717	5,818	16	22,540	26,892	23,008	102	3,684
Rhode Island.....	0	0	0	0	0	0	0	0	0	0	0	0
South Carolina.....	341	1,088,623	205	636,696	562,874	73,824	136	277,094	297,939	276,320	100	21,612
South Dakota.....	86	304,880	16	37,202	34,065	3,137	70	43,587	88,997	81,356	87	7,644
Tennessee.....	153	399,091	76	162,081	145,225	16,856	77	86,965	85,741	83,688	94	3,973
Texas.....	798	5,335,926	362	2,521,459	2,230,292	291,167	436	1,859,452	1,767,467	1,692,717	91	74,470
Utah.....	267	1,303,057	85	212,973	191,600	21,373	222	353,445	374,866	350,394	99	24,192
Vermont.....	1	3,500	0	0	0	0	1	3,019	2,633	2,633	94	0
Virginia.....	49	245,011	36	157,070	138,475	18,595	13	53,746	49,472	47,709	89	1,763
Washington.....	351	1,692,440	88	340,973	310,715	30,258	63	460,225	450,006	404,755	88	45,251
West Virginia.....	72	145,220	49	54,472	49,193	5,279	23	48,530	48,830	47,262	85	1,568
Wisconsin.....	127	387,112	54	113,429	101,740	11,689	73	70,500	86,064	73,667	94	12,594
Wyoming.....	86	444,375	41	203,456	180,040	23,416	45	75,481	71,494	60,551	80	10,943
Puerto Rico.....	602	1,466,510	241	520,430	467,678	52,752	361	441,950	409,777	378,855	92	30,922
Virgin Islands.....	4	10,000	1	5,823	5,000	823	3	3,301	3,634	3,301	100	333

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Table VI - Soil and Water Conservation: Direct and Insured Loans to Groups - Number of Groups,
Amount Loaned and Payments, Cumulative From September 17, 1954 Through January 1, 1962

State	Total number of groups	Total amount loaned	Groups paid in full			Groups with unpaid balance as of January 1, 1962						
			Number	Payments		Number	Scheduled installments (principal and interest)	Total	Principal and interest payments		Extra payments and refunds	
				Total	Principal				Interest and insurance charges	Amount		As percent of schedule
1	2	3	4	5	6	7	8	9	10	11	12	
U. S. Total.....	242	\$14,154,841	23	\$218,508	\$195,871	\$22,637	226	\$2,541,917	\$2,584,437	\$2,355,707	23	\$228,730
Direct.....	149	8,799,796	11	95,523	84,351	11,172	138	1,635,278	1,577,489	1,459,919	89	117,570
Insured.....	100	5,355,045	12	122,985	111,520	11,465	88	906,639	1,006,948	895,788	99	111,160
Arizona.....	6	375,960	0	0	0	0	6	102,309	124,706	102,310	100	22,396
Arkansas.....	4	7,150	4	7,568	7,150	418	0	0	0	0	0	0
California.....	4	243,000	0	0	0	0	4	60,451	59,527	59,527	98	0
Colorado.....	41	3,912,290	1	6,592	6,000	592	40	352,087	347,453	304,751	87	42,702
Idaho.....	23	436,735	6	54,190	49,870	4,320	17	134,749	135,641	125,089	93	10,552
Kansas.....	26	2,034,510	0	0	0	0	26	313,616	266,337	257,080	82	9,257
Kentucky.....	5	1,242,100	0	0	0	0	5	258,595	179,606	179,606	69	0
Louisiana.....	1	30,000	1	33,805	30,000	3,805	0	0	0	0	0	0
Minnesota.....	3	33,000	2	28,209	25,500	2,709	1	8,004	3,962	1,924	24	2,038
Montana.....	9	880,602	0	0	0	0	9	234,789	243,746	242,508	103	1,238
Nevada.....	6	412,600	1	10,295	10,000	295	5	73,944	76,538	61,788	84	14,750
New Jersey.....	1	9,751	1	14,603	9,751	4,852	0	0	0	0	0	0
New Mexico.....	3	69,500	1	14,153	13,000	1,153	2	25,583	27,528	27,528	108	0
North Carolina.....	1	16,549	0	0	0	0	1	9,166	9,264	9,264	101	0
North Dakota.....	6	102,240	2	32,288	29,000	3,288	4	47,362	48,251	48,251	102	0
Oregon.....	17	365,534	0	0	0	0	17	90,730	100,999	91,208	101	9,791
Pennsylvania.....	1	246,000	0	0	0	0	1	44,471	42,476	42,476	96	0
Tennessee.....	1	90,000	0	0	0	0	1	2,763	2,763	2,763	100	0
Texas.....	17	1,239,200	0	0	0	0	17	139,096	158,249	139,131	100	19,118
Utah.....	15	530,450	1	6,479	6,000	479	14	157,367	164,354	151,513	96	12,841
Washington.....	38	1,061,030	2	3,706	3,500	206	36	273,296	321,984	293,804	108	28,180
West Virginia.....	1	144,900	0	0	0	0	1	26,026	32,071	26,026	100	6,045
Wyoming.....	20	671,740	1	6,620	6,100	520	19	187,513	238,982	189,160	101	49,822



Subtitle B - Operating Loans

This subtitle contains the authorizations for operating loans previously made under title II of the Bankhead-Jones Farm Tenant Act.

Description and Changes in Authorizations for Operating Loans

The following is a description of the operating loan authorizations and a comparison of the principal differences between the present authorizations and those repealed.

1. Eligibility: Operating loans may be made to farmers and ranchers who (1) are citizens of the United States, (2) have a farm background and training or farming experience which is determined to be sufficient to assure reasonable prospects of success in the proposed farming operation, (3) are or will become operators of not larger than family farms, and (4) are unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time. The Food and Agriculture Act of 1962 provides that persons engaged in fish farming will be considered as farmers.

These eligibility standards are substantially the same as previously prescribed under title II of the Bankhead-Jones Farm Tenant Act except for the requirements with respect to farm background and training or farming experience and the inclusion of persons engaged in fish farming. Previously an applicant was eligible only if he was currently obtaining, or had recently obtained, a substantial portion of his income from farming.

2. Size of Loan:

- A. In no case may an operating loan be made which would result in the total principal loan balance outstanding to exceed \$35,000 including any outstanding loan balance under title II of the Bankhead-Jones Farm Tenant Act. Previously, this principal indebtedness limitation was \$20,000. The amount of each operating loan will be limited to the needs of the applicant and his ability to pay with due consideration given to the value of the chattel property, including crops, which will be available as security.
- B. Not more than 25 percent of the annual operating loan funds available may be used to make loans which involve increasing the indebtedness of any borrower above \$15,000. Previously, this limitation applied to any borrower whose indebtedness exceeded \$10,000.

3. Terms of Loans: Operating loans may bear interest not in excess of 5 percent and be made for periods up to 7 years, but may be renewed for not more than 5 additional years. All loans are being made at 5 percent, except those which involve a new special emphasis program for the development of family farm forestry enterprises which bear 3 percent interest. Previously, loans also could be made for periods up to 7 years, but the

renewal authority was limited to 3 additional years. The Consolidated Farmers Home Administration Act of 1961 eliminated a provision contained in the Bankhead-Jones Farm Tenant Act prohibiting additional loans to borrowers who had been continuously indebted for operating loans for 7 years and in some cases 10 years.

4. Loan Purposes: Operating loans may be made for (1) paying costs incident to reorganizing the farming system for more profitable operation, (2) purchasing livestock, poultry, and farm equipment, (3) purchasing feed, seed, fertilizer, insecticides, and farm supplies and to meet other essential farm operating expenses including cash rent, and costs incident to the production and harvesting of forestry products, (4) financing land and water development, use, and conservation including recreational uses and facilities, (5) refinancing existing indebtedness, (6) other farm and home needs including but not limited to family subsistence, and (7) for loan closing costs. The above is the statutory restatement of loan purposes and except for the addition of forestry development and recreational facilities generally recites the same purposes as heretofore. The Consolidated Farmers Home Administration Act of 1961 authorized no more than \$500,000 in loans annually to soil conservation districts for soil conservation equipment if such credit is not otherwise available. The Food and Agriculture Act of 1962 added recreational uses and facilities as specific loan purposes.
5. Security: Operating loans are secured by crop and chattel liens and, when necessary, by real estate mortgages.
6. Veterans' Preference: The Consolidated Farmers Home Administration Act of 1961 provided that applications of veterans shall be given preference over similar applications of nonveterans on file in any county or area office at the same time. The previous statute did not specify veterans' preference for operating loans although administratively such preference was given.

Status of Operating Loans

The annual Appropriation Act for 1962 authorized borrowing \$237,500,000 from the Secretary of the Treasury for operating loans. In addition, a contingency borrowing authorization of \$37,500,000 was made available for these loans in 1962, resulting in a total of \$275,000,000.

The Appropriation Act for 1963 provides authority to use \$290,000,000 from funds available in the direct loan account for operating loans, of which \$50,000,000 shall be placed in reserve to be used only to the extent required during the fiscal year 1963 under the then existing conditions for the expeditious and orderly conduct of the loan program. In addition, \$10,000,000 is available during 1963 from the Second Supplemental Appropriation Act, 1962, making a total of \$300,000,000 possibly available during 1963. These operating loan funds will be continued available for operating loans under subtitle B of the Act.

1. Use of Operating Funds: The major portion of the operating loan funds in 1962 was used to assist farmers in making basic adjustments in their farming operations. An analysis of new and subsequent operating loans indicates that 24.0 percent of the funds was used for purchase of livestock, 15.3 percent for purchase of machinery and equipment, 18.6 percent for refinancing existing debts secured by livestock and equipment, and 34.1 percent for current farm operating expenses. The other 8.0 percent was used for real estate improvements, family living expenses and other minor expense items. Funds used for refinancing existing indebtedness amounted to 18.6 percent, an increase of 1.2 percentage points over the comparable portion so used in 1961.

The average size of loans continues to rise each year. This is due principally to increased cost of farming, including the fact that much larger investments are needed in livestock and equipment than in earlier years. Initial operating loans to farmers conducting adequate family farming operations under long-term farm and home plans averaged \$8,180 in 1962 compared to \$6,570 in 1961 and \$3,461 in 1956. Initial operating loans for operating expenses only averaged \$4,102 in 1962 compared to \$3,371 in 1961 and \$904 in 1956. The size of subsequent loans has increased over 83 percent since 1956. Subsequent operating loans to farmers operating under long-term farm and home plans averaged \$2,822 in 1962 compared to \$2,354 in 1961 and \$1,285 in 1956.

A total of \$31,130,691 was loaned to individuals in excess of the normal \$15,000 principal indebtedness limitation. This compares to the total statutory authorization of \$68,750,000 which could have been used for this purpose and which represents 25 percent of the annual funds available for operating loans. This amount compares to \$29,832,201 used for this purpose in 1961.

Certain breakdowns of operating loans were maintained prior to October 16, 1961, based primarily on separate authorizations under title II of the Bankhead-Jones Farm Tenant Act, as amended, such as specific authorization to make loans under certain conditions to operators on units which were less than family-type units. Since October 15, 1961, operating loans are broken down only between those made to finance "adequate family-farming operations" and those made to finance all other types of farming operations, not larger than a family-farming operation, which are identified as "other family-farming operations".

The following table shows the numbers and amounts of initial and subsequent loans for financing adequate family-farming operations and other family-farming operations to be made in 1963 and actually made in 1962:

	Fiscal Year 1962		Fiscal Year 1963 (Estimate)	
	<u>Number</u>	<u>Amount</u> (millions)	<u>Number</u>	<u>Amount</u> (millions)
<u>Initial Loans:</u>				
Adequate family-farming operations	16,327	\$121.3	18,500	\$148.0
Other family-farming operations ..	8,051	21.7	5,000	20.0
Subtotal	<u>24,378</u>	<u>143.0</u>	<u>23,500</u>	<u>168.0</u>
<u>Subsequent Loans:</u>				
Adequate family-farming operations	44,442	123.9	43,200	122.0
Other family-farming operations ..	5,857	8.1	7,100	10.0
Subtotal	<u>50,299</u>	<u>132.0</u>	<u>50,300</u>	<u>132.0</u>
<u>Total Initial and Subsequent Loans:</u>				
Adequate family-farming operations	60,769	245.2	61,700	270.0
Other family-farming operations ..	13,908	29.8	12,100	30.0
Total loans	<u>74,677</u>	<u>275.0</u>	<u>73,800</u>	<u>300.0</u>

2. 1963 Program: It is expected that the average size of loan which has been rising continually in recent years, will again rise in 1963. This is a direct result of the need by family farmers generally to increase the size of their operations but also will result from higher loan limits contained in the Consolidated Farmers Home Administration Act of 1961.
3. Collections: A summary of the cumulative and current activity on operating loans and comparable type operating loans made by the Farm Security Administration, the Emergency Crop and Feed Loan Division of the Farm Credit Administration and the farmers Home Administration is contained in items "A" and "B" below
- A. The following is a resume of the loan disbursements and repayments during the last five years:

<u>Fiscal Year</u>	<u>Loan Disbursements</u>	<u>Principal Repayments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
	(----- Dollars in millions -----)			
1958	\$175.8	\$160.5	\$16.2	\$176.7
1959	187.0	175.9	17.1	193.0
1960	197.1	169.7	16.5	186.2
1961	232.1	181.6	17.7	199.3
1962	275.0	198.5	19.6	218.1

- B. Cumulative loan advances, collections and repayment status of loans follow:

Loan Advances (-----Dollars in millions-----)	Collections			Ratio of Collections	
	Principal	Interest	Total	Principal to Maturities	Total to Advances

Rural Rehabilitation Loans (1935-Oct., 1946)...	\$1,004.9	\$ 891.3	\$125.7	\$1,017.0	88.7%	101.2%
Emergency Crop and Feed Loans (1918-Oct., 1946).....	575.9	478.3	61.6	539.9	83.0%	93.7%
Operating and Production and subsistence loans (Nov. 1946-June 30, 1962).....	2,260.2	1,710.2	166.4	1,876.6	95.8%	83.0%

4. Progress of Borrowers: The average size of operating loans has increased steadily over the past few years. The increase in the volume of business carried on by family farmers has required more operating capital for larger investments in livestock, farm machinery and equipment for efficient farming. The progressive increase in the size of farming operations is statistically reflected in the averages shown in the following table. The averages are from the farm records of borrowers operating family farms who received operating loans and paid these loans in full during the 1962 fiscal year and continued farming.

<u>Item</u>	<u>Year Before Receiving Loan</u>	<u>1961 Crop Year</u>	<u>Percent Increase</u>
Total acres.....	251	294	17
Crop acres.....	138	166	20
Gross cash income.....	\$6,405	\$11,599	81
Cash farm operating expenses.....	\$3,563	\$ 6,588	85
Gross cash income less operating expenses.....	\$2,842	\$ 5,011	76
Gross cash income less operating and cash family living expenses.....	\$1,470	\$ 3,037	107
Net worth.....	\$9,500	\$15,720	65

The following table reflects the changes between two separate groups who paid their operating loan indebtedness in full during different years, 1957 and 1962. Borrowers who paid in full during the 1962 fiscal year had a greatly increased size of farming operations as compared to borrowers paying in full during the 1957 fiscal year.

<u>Item</u>	<u>Paid in full during fiscal year</u>		<u>Percent Increase</u>
	<u>1957</u>	<u>1962</u>	
Total acres.....	208	294	41
Crop acres.....	111	166	50
Gross cash income.....	\$5,921	\$11,599	96
Cash farm operating expenses....	\$3,004	\$ 6,588	119
Gross cash income less operating expenses.....	\$2,917	\$ 5,011	72
Gross cash income less operating and cash family living expenses	\$1,621	\$ 3,037	87
Net worth.....	\$9,433	\$15,720	67

These increases are influenced by rising price levels, but are primarily the result of the increase in resources which are required for successful operation.

5. Debts Compromised, Adjusted, or Canceled: The Consolidated Farmers Home Administration Act of 1961 continued the authority for the compromise, adjustment, or cancellation of debts on substantially the same basis as authorized under the Bankhead-Jones Farm Tenant Act. Continued emphasis is being given to the settlement of old accounts eligible for compromise, adjustment, or cancellation.

The following schedule shows adjustment, compromise, and cancellation settlements during the fiscal year 1962 and from the inception of such activity on April 4, 1945, through June 30, 1962. Included in the figures are debt settlement activities taken under all programs administered by the Farmers Home Administration including the emergency and special livestock loan programs financed from the Emergency Credit Revolving Fund.

	<u>During Fiscal Year 1962</u>	<u>From Inception April 4, 1945 through June 30, 1962</u>
	<u>(-----Dollars in millions-----)</u>	
Number of borrowers in- volved in settlement.....	3,811	882,738
Original principal in- debtedness.....	\$9.7	\$393.5

	During Fiscal Year 1962	From Inception April 4, 1945 through June 30, 1962
	(-----Dollars in millions-----)	

Repaid prior to settlement:

Principal.....	\$5.0	\$160.4
Interest.....	\$.9	\$28.2

Unpaid balance at time of settlement:

Principal.....	\$4.7	\$233.1
Interest.....	\$2.0	\$107.8

Principal and interest paid at time of settlement....

\$.3	\$ 22.5
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Principal and interest

written off.....	\$6.5	\$318.5
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Within the amount of \$6,490,610 principal and interest written off in 1962 about \$1,933,632 was involved in programs taken over from other agencies for liquidation by the Farmers Home Administration. Of the balance, about \$1,311,956 of Emergency Credit Revolving Fund indebtedness was written off.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table I - Total Operating Loans to Individuals, 1962 Fiscal Year, and Operating and Production and Subsistence Loans, Cumulative From Inception, November 1, 1946 through June 30, 1962 1/

State and territory	1962 fiscal year											Cumulative - November 1, 1946 through June 30, 1962			
	Initial loans for adequate family farming operations					Initial loans for other family farming operations					All subsequent loans 2/			Total loans	
	Intensive supervision			Limited supervision		Average amount	other family farming operations			Average amount	All subsequent loans			Number	Amount
	Number	Amount	Average amount	Number	Amount		Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number
U. S. Total.....	13,327	\$109,019,895	\$8,180	3,000	\$12,305,835	\$4,102	8,051	\$21,698,485	\$2,695	50,299	\$131,974,785	\$2,623	74,677	\$275,000,000	1,311,684
Alabama.....	1418	1,881,720	4,502	248	647,990	2,613	651	796,105	1,223	2,214	3,529,583	1,594	3,531	6,855,408	74,040
Alaska.....	10	123,300	13,330	0	0	0	20	48,380	2,419	10	179,332	1,719	68	124,292	66,127,862
Arizona.....	23	123,300	11,495	10	107,260	10,726	25	131,645	5,266	10	273,171	6,817	98	773,469	9,445,826
Arkansas.....	722	4,453,570	6,168	124	422,880	3,452	495	1,313,380	2,708	1,936	4,635,478	5,427	3,278	10,885,368	107,070
California.....	109	1,519,880	44,494	26	312,060	12,002	460	314,120	6,282	190	1,031,155	5,427	3,278	10,885,368	85,112,330
Colorado.....	161	2,065,660	12,830	13	111,570	8,582	42	231,890	5,521	553	2,381,600	4,230	779	4,790,720	32,042,704
Connecticut.....	9	110,590	12,288	0	0	0	4	44,173	6,972	6	156,574	2,699	70	307,574	18,288,118
Delaware.....	6	110,590	12,288	0	0	0	4	44,173	6,972	6	156,574	2,699	70	307,574	2,063,811
Florida.....	89	431,985	4,854	141	898,780	6,374	138	397,610	2,881	663	1,562,872	4,064	30	125,360	1,045,958
Georgia.....	463	3,448,190	7,447	79	344,850	4,365	312	816,995	2,625	1,765	6,198,869	3,512	2,031	10,810,904	85,298,381
Hawaii.....	36	189,810	5,272	18	59,850	3,325	20	48,890	2,444	63	176,610	2,803	137	475,160	62,095
Idaho.....	294	3,190,470	10,852	12	51,270	4,272	106	462,970	4,368	1,089	4,329,124	3,975	1,501	8,033,834	3,659,582
Illinois.....	397	3,772,720	9,503	10	33,630	3,363	37	162,970	4,368	1,089	4,329,124	3,975	1,501	8,033,834	63,663,114
Indiana.....	238	2,450,460	9,456	8	17,480	5,935	78	406,520	5,212	711	2,182,999	3,070	1,035	8,795,464	25,863
Iowa.....	631	6,053,850	9,594	5	19,740	3,948	111	261,900	5,900	1,275	2,750,638	2,155	1,952	9,066,128	69,352,311
Kansas.....	182	1,674,555	9,201	41	159,890	3,900	75	305,930	4,079	1,022	2,666,110	2,609	1,320	4,806,485	15,518
Kentucky.....	444	1,504,970	3,635	82	156,900	1,913	322	550,340	1,709	1,453	1,702,284	1,172	2,271	3,914,454	13,043,911
Louisiana.....	449	2,674,940	5,958	189	529,900	2,804	239	466,695	2,036	1,371	4,032,814	2,941	2,248	7,724,349	52,469,855
Maine.....	180	986,780	5,482	7	381,320	4,827	42	80,180	1,909	1,385	4,656,840	3,362	1,666	6,105,120	69,352,311
Maryland.....	65	1,054,540	7,070	33	49,780	1,508	36	75,790	1,550	367	715,365	1,949	501	1,280,475	40,421,100
Massachusetts.....	17	155,040	9,120	3	6,340	6,340	3	6,900	2,300	33	83,440	2,528	54	251,720	8,157
Michigan.....	280	3,081,070	11,015	22	121,240	5,511	107	541,220	5,058	930	2,724,413	2,891	1,348	6,470,943	2,469,299
Minnesota.....	505	5,023,945	9,948	44	127,610	3,190	149	593,770	2,381	989	2,177,903	2,891	1,348	6,470,943	15,518
Mississippi.....	466	2,733,400	5,866	147	425,035	2,891	960	2,086,310	2,173	2,690	4,246,888	1,579	1,263	9,481,693	56,002,670
Missouri.....	418	3,405,615	8,150	35	169,500	4,708	198	707,445	3,876	1,355	3,420,725	2,525	2,007	7,764,255	83,195,527
Montana.....	245	3,405,615	8,150	35	169,500	4,708	198	707,445	3,876	1,355	3,420,725	2,525	2,007	7,764,255	80,253,898
Nebraska.....	256	3,405,615	8,150	35	169,500	4,708	198	707,445	3,876	1,355	3,420,725	2,525	2,007	7,764,255	51,481,576
Nevada.....	20	325,590	16,280	4	31,700	9,425	13	72,280	5,560	1,659	3,473,935	2,338	1,935	6,823,025	49,016,367
New Hampshire.....	14	159,550	11,396	5	11,900	2,380	18	45,360	2,520	356	1,067,376	2,980	511	2,120,376	9,704,487
New Jersey.....	130	995,740	7,660	5	11,900	2,380	18	45,360	2,520	356	1,067,376	2,980	511	2,120,376	4,443,367
New Mexico.....	92	802,940	8,728	19	96,570	5,088	50	245,320	4,906	336	1,250,129	3,720	497	2,395,059	16,888,872
New York.....	255	3,440,780	12,317	6	61,530	10,272	47	313,380	6,568	781	2,197,885	2,814	1,089	5,713,675	27,485,659
North Carolina.....	795	3,543,645	4,503	403	996,840	2,474	695	908,885	1,308	2,765	3,671,496	2,402	4,648	12,081,866	12,831,675
North Dakota.....	522	5,469,230	10,518	44	221,290	5,274	288	127,480	4,553	1,405	3,973,761	2,828	1,999	9,822,761	95,539
Ohio.....	190	1,563,320	8,754	4	25,500	6,425	69	313,470	4,543	1,400	913,730	2,284	663	2,917,020	26,212
Oklahoma.....	333	3,493,850	9,291	70	412,865	5,898	388	1,891,560	4,875	2,184	5,023,400	2,300	2,975	10,421,695	28,039,544
Oregon.....	98	937,685	9,568	19	99,260	5,224	66	341,990	5,182	446	1,844,823	4,136	629	3,223,758	59,582
Pennsylvania.....	184	2,074,420	11,274	12	71,010	5,918	40	210,610	5,265	586	1,569,813	2,605	822	3,885,853	28,459,734
Rhode Island.....	5	32,250	6,450	0	0	0	0	0	0	5	11,700	2,340	10	43,950	36,302,933
South Carolina.....	476	1,654,775	3,697	116	238,785	2,007	744	559,880	753	1,331	2,663,983	1,971	2,667	5,271,423	162,137
Tennessee.....	450	5,346,810	11,882	15	35,510	2,367	22	111,630	5,074	1,848	4,468,778	2,418	2,335	9,962,728	55,088,372
Texas.....	330	1,559,300	4,725	85	177,330	2,062	229	451,630	1,985	1,609	2,632,380	1,636	2,254	4,823,640	61,385,038
Utah.....	872	7,763,025	8,903	633	3,761,710	5,943	506	2,066,265	4,084	5,235	16,332,236	3,120	7,246	29,923,236	39,767,531
Vermont.....	147	1,530,520	11,082	13	127,280	9,791	74	367,240	4,963	449	1,713,758	4,088	663	3,838,798	215,380,267
Virginia.....	27	339,220	12,553	0	0	0	1	16,840	16,840	71	137,055	1,930	99	493,105	59,965,383
Washington.....	135	759,980	5,689	87	131,540	1,512	214	369,835	1,728	706	1,504,831	2,131	1,442	2,765,186	26,371,578
West Virginia.....	229	2,003,550	10,893	9	48,280	5,398	61	318,060	5,206	923	4,124,811	4,136	1,232	7,125,011	28,459,734
Wisconsin.....	116	550,240	4,748	28	73,280	2,631	282	615,020	2,444	631	1,089,599	1,727	1,029	2,338,539	19,288
Wyoming.....	464	4,507,500	9,520	6	97,590	7,528	86	525,065	5,967	1,011	1,750,720	1,732	1,592	6,951,035	10,519
Puerto Rico.....	238	852,910	3,584	7	6,950	993	179	218,090	1,218	672	1,785,055	2,556	1,096	2,863,005	52,337,317
Virgin Islands.....	1	3,000	3,000	0	0	0	0	0	0	8	14,140	1,768	9	17,140	52,337,317

1/ Does not include loans from state rural rehabilitation corporation funds.

2/ Subsequent loan amounts include recoverable and non-recoverable loan costs such as advances for taxes and insurance, and filing fees. The average amounts exclude loan costs.

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Table II - Total Operating Loans to Veterans Only, 1962 Fiscal Year, and Operating and Production and Subsistence Loans, Cumulative From Inception, November 1, 1946, Through June 30, 1962 1/

State and territory	1962 fiscal year														
	Initial loans for adequate family farming operations					Initial loans for other family farming operations					All subsequent loans				
	Intensive supervision			Limited supervision		Average amount			Number		Average amount			Total loans	
	Number	Amount	Average amount	Number	Amount	Number	Amount	Average amount	Number	Amount	Number	Amount	Average amount	Number	Amount
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
U. S. Total.....	4,914	\$42,352,375	\$8,619	883	\$4,127,200	\$4,787	2,828	\$9,291,750	\$3,287	19,003	\$53,919,130	\$2,838	27,628	\$109,823,155	\$54,103
Alabama.....	117	720,660	4,902	67	122,850	2,878	155	283,180	1,827	620	1,109,757	1,790	999	2,306,117	20,222
Alaska.....	6	69,100	11,517	0	0	0	17	95,160	5,598	23	114,570	4,980	16	278,790	22,725,715
Arizona.....	11	105,440	9,313	4	36,300	9,085	13	81,250	6,250	15	99,781	6,539	13	319,811	920,320
Arkansas.....	265	1,702,310	6,424	32	133,120	4,160	216	595,430	2,761	710	1,659,770	2,633	1,223	4,301,630	4,528,988
California.....	34	514,860	15,113	10	116,440	11,644	24	136,830	5,785	78	1,110,815	5,262	116	1,180,915	34,295,698
Colorado.....	59	719,440	12,194	4	34,000	8,500	18	95,080	5,282	231	998,362	4,322	312	1,846,882	11,627,535
Connecticut.....	3	39,240	13,080	0	0	0	2	12,060	6,030	11	25,310	2,301	16	76,610	20,254,560
Delaware.....	0	0	0	0	0	0	3	2,610	870	2	12,500	6,250	5	311,100	648,045
Florida.....	39	197,830	5,073	50	333,870	6,677	53	172,700	3,258	256	680,991	2,620	398	1,385,591	12,902,112
Georgia.....	161	1,193,190	7,411	24	93,530	3,897	86	247,500	2,879	636	2,250,955	3,555	907	3,795,275	30,628,880
Hawaii.....	16	85,320	5,332	3	10,160	3,367	4	9,100	2,275	17	109,840	2,932	40	154,420	1,369,915
Idaho.....	99	1,066,730	10,775	6	19,070	3,178	58	255,490	4,405	621	2,800,125	4,509	784	4,141,115	34,603,191
Illinois.....	176	1,807,080	10,268	3	3,650	1,217	17	62,260	3,662	724	2,283,444	3,154	920	4,155,104	34,049,968
Indiana.....	98	917,860	9,366	2	14,500	7,250	43	208,730	4,854	306	956,518	3,126	449	2,097,608	21,522,084
Iowa.....	258	2,523,660	9,782	1	5,500	5,500	15	101,450	6,763	592	1,316,715	2,224	866	3,947,325	32,655,334
Kansas.....	91	839,385	9,224	11	58,670	5,334	29	128,560	4,433	448	1,102,945	2,639	549	2,129,550	24,104,953
Kentucky.....	117	559,880	4,869	28	56,590	2,021	117	208,380	1,764	595	1,775,106	3,325	878	1,598,256	10,324,227
Louisiana.....	113	984,160	8,862	43	169,120	3,933	71	203,555	2,839	439	1,453,319	3,310	696	2,868,134	24,049,968
Maine.....	86	439,180	5,107	19	62,700	3,300	20	37,600	1,890	488	1,560,430	3,403	613	2,200,110	15,465,429
Maryland.....	17	102,950	6,056	8	15,250	1,906	4	2,830	708	77	183,220	2,379	106	304,250	3,851,629
Massachusetts.....	8	64,080	8,010	0	0	0	0	0	0	9	17,890	1,986	17	81,970	1,093,043
Michigan.....	102	1,036,800	10,106	8	46,750	5,844	46	199,450	4,336	346	1,075,059	3,107	502	2,352,099	21,336,526
Minnesota.....	203	2,072,595	10,244	13	36,290	2,792	61	208,010	3,410	431	990,270	2,298	708	3,314,165	27,645,049
Mississippi.....	176	1,259,340	7,155	44	184,985	4,204	368	990,605	2,692	962	1,724,420	1,793	1,550	4,159,350	34,960,329
Missouri.....	169	1,304,230	7,717	8	36,640	4,580	95	377,575	3,976	628	1,650,820	2,629	950	3,365,365	39,533,659
Montana.....	106	1,457,365	13,749	17	188,970	11,116	23	134,260	5,837	251	1,040,015	4,443	397	2,820,630	23,603,254
Nebraska.....	118	1,202,800	10,193	3	19,500	6,500	10	77,550	7,755	844	1,967,025	2,339	972	3,265,875	25,437,974
Nevada.....	5	123,050	24,610	2	27,300	13,650	6	32,400	5,400	12	74,690	6,224	25	257,070	1,588,365
New Hampshire.....	7	71,550	10,221	0	0	0	0	0	0	19	57,850	3,045	30	154,800	1,946,306
New Jersey.....	26	191,140	7,352	1	3,000	3,000	5	9,360	1,872	82	259,140	3,160	114	462,640	5,222,084
New Mexico.....	29	276,590	9,538	4	14,330	3,582	24	122,470	5,103	137	524,890	3,831	194	938,280	11,936,002
New York.....	70	835,410	11,934	1	2,630	2,630	21	158,100	7,529	264	795,851	3,015	356	1,791,991	15,853,833
North Carolina.....	243	1,444,310	4,709	109	313,900	2,860	190	319,910	1,684	931	2,422,892	2,602	1,473	4,201,042	34,989,516
North Dakota.....	165	1,776,140	10,764	14	58,190	4,156	13	58,130	4,472	483	1,398,660	2,895	675	3,291,120	24,302,840
Ohio.....	79	678,450	8,588	1	4,000	4,000	26	121,030	4,555	184	398,470	2,166	290	1,201,950	13,595,605
Oklahoma.....	136	1,349,880	9,926	25	135,165	5,407	159	792,575	4,985	750	1,770,435	2,361	1,070	4,048,055	39,968,663
Oregon.....	46	394,320	8,763	6	31,790	5,298	32	171,810	5,369	192	824,523	4,204	275	1,422,443	12,653,988
Pennsylvania.....	53	627,520	11,840	8	43,640	5,455	19	90,110	4,744	200	508,659	2,539	260	1,269,359	15,879,899
Rhode Island.....	3	11,550	4,550	0	0	0	0	0	0	2	7,000	3,500	5	28,050	441,050
South Carolina.....	137	731,920	5,342	27	79,050	2,928	129	130,405	1,011	386	997,691	2,565	679	1,939,666	15,276,976
South Dakota.....	195	2,668,000	11,631	5	14,920	2,984	9	51,450	5,717	884	2,192,275	2,480	1,093	4,526,645	31,522,554
Tennessee.....	113	612,290	5,448	17	45,210	2,659	73	156,500	2,144	1,786	795,810	1,692	675	1,612,850	13,836,579
Texas.....	332	3,281,120	9,883	208	1,399,560	6,729	223	1,035,480	4,643	1,766	6,111,763	3,139	2,569	11,587,943	86,863,403
Utah.....	50	710,400	11,840	7	72,600	10,371	35	247,250	5,036	178	775,084	4,354	280	1,734,334	11,001,211
Vermont.....	11	143,390	13,035	0	0	0	0	0	0	21	40,380	1,923	32	183,770	1,991,976
Virginia.....	42	214,410	5,105	25	49,140	1,966	66	157,860	2,392	239	596,486	2,496	372	1,017,896	8,959,228
Washington.....	113	1,298,290	11,489	2	7,500	3,750	27	156,850	5,883	475	2,365,180	4,979	617	3,829,820	25,794,778
West Virginia.....	45	226,450	5,077	5	23,700	4,740	127	312,900	2,458	278	476,444	1,713	455	1,040,784	7,480,521
Wisconsin.....	175	1,594,290	9,093	3	24,390	8,130	35	202,705	5,792	218	775,440	3,529	632	2,583,875	24,083,566
Wyoming.....	45	563,470	12,966	2	6,150	3,075	13	53,430	4,110	175	754,410	4,311	235	1,397,460	16,610,654
Puerto Rico.....	47	223,830	4,762	2	2,550	1,275	24	34,990	1,458	116	370,915	3,198	189	632,285	5,092,320
Virgin Islands.....	0	0	0	0	0	0	0	0	0	1	1,500	1,500	1	1,500	71,425

1/ Does not include loans from state rural rehabilitation corporation funds.

2/ Subsequent loan amounts include recoverable and non-recoverable costs such as advances for taxes and insurance, and filing fees. The average amounts exclude loan costs.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table III - Operating and Production and Subsistence Loans, Maturities and Collections,
Cumulative From November 1, 1916 Through June 30, 1962

State and territory	Cumulative loan obligations	Cumulative advances	Matured principal	Collections		Principal		Unpaid principal balance	Ratio of principal repayments to matured principal
				Principal repayments	Interest payments	Total	Write-offs		
	1	2	3	4	5	6	7	8	9
U. S. Total.....	\$2,260,451,761	\$2,260,241,159	\$1,786,058,583	\$1,710,195,809	\$166,381,323	\$1,876,577,132	\$20,865,938	\$526,521,455	95.8%
Alabama.....	66,127,862	65,800,847	56,582,643	54,702,298	3,416,808	58,119,106	778,627	10,245,595	96.5
Alaska.....	1,445,826	1,529,744	889,621	772,649	108,999	881,648	8,340	718,200	96.8
Arizona.....	9,675,969	10,174,378	9,172,277	8,512,840	656,115	9,168,955	8,333	1,491,401	92.8
Arkansas.....	85,412,930	83,915,029	68,448,896	66,372,072	5,133,511	71,505,613	1,088,888	15,202,078	97.0
California.....	32,042,704	38,375,628	30,774,731	28,394,903	2,772,691	31,167,594	1,249,889	5,691,817	92.3
Colorado.....	48,288,118	47,912,829	40,891,351	37,517,416	3,606,732	41,124,148	476,729	9,787,030	91.8
Connecticut.....	2,063,811	2,211,848	1,582,862	1,507,019	175,076	1,682,095	39,935	660,518	96.4
Delaware.....	1,045,958	1,101,838	900,046	805,513	107,812	913,325	4,613	287,403	99.5
Florida.....	28,298,381	29,098,030	25,878,081	23,504,971	1,786,089	25,291,060	584,185	4,897,950	90.8
Georgia.....	85,788,210	85,551,898	71,422,833	68,882,417	1,332,084	73,214,501	1,107,106	15,448,020	96.4
Hawaii.....	3,659,582	3,652,228	2,956,538	2,790,730	336,446	3,127,176	48,442	813,056	94.4
Idaho.....	63,663,114	63,497,499	49,722,518	47,465,279	4,949,214	52,414,493	339,152	15,669,909	95.5
Illinois.....	71,454,591	72,131,588	55,341,411	53,979,932	5,595,559	59,575,491	406,982	17,727,003	97.5
Indiana.....	45,240,853	45,240,853	35,113,142	34,390,596	3,731,839	38,122,435	262,067	10,555,035	97.9
Iowa.....	66,735,729	67,066,221	45,848,589	45,635,312	5,726,501	51,361,813	172,517	21,237,537	99.5
Kansas.....	52,636,865	52,857,750	43,818,188	41,710,525	4,255,205	45,965,730	448,543	10,644,885	95.2
Kentucky.....	38,441,853	38,129,345	29,703,472	28,260,365	3,284,343	32,544,728	201,964	8,662,033	98.4
Louisiana.....	69,352,311	69,440,997	57,765,507	55,094,572	4,087,375	59,181,947	580,315	13,302,806	95.4
Maine.....	40,421,100	40,250,011	32,247,673	28,678,482	2,505,615	31,184,128	200,013	11,343,507	88.9
Maryland.....	13,043,911	13,222,433	10,517,403	10,058,092	1,405,615	11,463,707	98,371	3,054,563	95.6
Massachusetts.....	2,469,299	2,574,458	2,144,950	2,041,027	225,734	2,266,761	55,866	464,826	95.2
Michigan.....	49,496,105	49,614,494	36,150,851	34,710,097	5,063,855	39,773,952	622,110	14,306,551	96.0
Minnesota.....	56,002,671	56,028,023	40,639,621	39,941,519	5,002,871	44,944,390	32,741	15,722,207	98.3
Mississippi.....	83,195,527	82,624,520	66,164,610	63,124,870	5,967,668	68,622,538	1,516,208	17,812,404	95.4
Missouri.....	80,253,898	80,004,341	66,139,205	64,093,807	5,766,098	69,859,905	323,117	15,549,972	96.9
Montana.....	51,481,676	51,520,239	41,330,957	39,238,957	3,815,954	43,054,921	247,157	11,955,310	94.9
Nebraska.....	49,046,367	48,954,966	35,932,128	33,292,244	3,826,878	37,119,122	184,559	12,400,309	98.3
Nevada.....	3,704,487	3,742,727	2,659,262	2,462,223	282,369	2,744,592	104,880	1,169,866	92.6
New Hampshire.....	4,443,367	4,372,299	3,511,130	3,390,067	476,280	3,868,367	56,422	12,937	96.6
New Jersey.....	16,888,872	16,769,870	12,863,565	11,801,363	1,398,042	13,199,405	211,292	4,572,871	91.7
New Mexico.....	27,485,659	26,922,661	23,423,880	21,356,857	2,040,616	23,397,473	480,674	5,042,110	91.2
New York.....	42,935,535	43,102,622	31,094,448	29,861,463	4,411,154	34,272,617	581,020	12,537,812	96.0
North Carolina.....	106,441,757	106,102,753	88,910,826	87,666,361	5,404,050	93,070,411	699,124	17,644,200	98.6
North Dakota.....	59,965,383	59,129,282	37,343,861	34,188,289	4,867,207	39,055,496	231,195	24,584,529	91.5
Ohio.....	28,039,844	28,505,097	21,782,238	21,115,598	2,745,973	23,861,571	279,548	7,059,361	96.9
Oklahoma.....	95,677,578	94,073,589	76,195,589	73,828,947	7,846,463	81,674,410	522,746	19,642,859	96.9
Oregon.....	28,776,734	28,776,798	23,231,868	22,187,917	2,035,911	24,223,828	158,292	6,447,921	95.5
Pennsylvania.....	38,302,933	38,182,450	28,896,097	26,185,861	4,357,716	30,543,577	254,783	11,588,806	97.4
Rhode Island.....	422,137	441,975	357,435	337,773	34,838	372,611	7,100	62,420	94.5
South Carolina.....	55,068,372	54,991,823	47,728,084	45,885,444	2,593,922	48,479,366	877,317	8,159,146	96.1
South Dakota.....	61,385,038	60,752,867	39,110,302	36,858,434	5,101,683	41,960,117	188,398	23,677,747	94.2
Tennessee.....	39,767,631	39,818,589	31,498,454	30,396,380	2,821,360	33,217,740	296,508	9,117,508	96.5
Texas.....	216,380,267	217,243,184	177,526,909	164,645,810	13,835,669	178,481,479	2,815,450	49,617,373	92.7
Utah.....	23,597,748	23,645,884	17,335,440	16,642,510	1,898,690	18,541,200	57,242	6,911,198	96.0
Vermont.....	4,909,251	4,874,161	3,798,248	3,784,992	535,143	4,320,135	61,296	1,028,067	99.6
Virginia.....	23,188,475	23,272,048	18,023,686	17,294,334	1,666,178	18,960,512	169,538	5,792,118	96.0
Washington.....	49,312,488	48,858,323	36,624,859	36,624,859	3,683,840	40,308,709	379,411	12,782,389	96.0
West Virginia.....	16,737,317	16,407,676	11,071,273	10,616,435	1,632,272	12,248,707	60,196	5,780,526	95.9
Wisconsin.....	52,333,680	52,078,998	35,884,622	35,881,705	5,126,242	41,007,947	279,687	15,773,034	100.3
Wyoming.....	34,334,981	33,796,880	29,126,936	27,910,931	2,653,233	30,564,164	396,490	5,453,702	95.8
Puerto Rico.....	33,605,375	33,676,703	28,778,151	29,184,500	1,922,514	31,107,014	147,262	4,329,949	101.4
Virgin Islands.....	508,155	511,155	482,041	479,042	44,110	520,152	948	31,165	99.4

1/ Cumulative advances by states include the face amounts of individual notes used by borrowers transferring from one state to another while still indebted.

(c) Rural Renewal

Appropriation Act, 1963 - -
 Budget Estimate, 1964 \$2,350,000

PROJECT STATEMENT

Project	1962	1963 (estimated)	1964 (estimated)
Loans for rural renewal demonstra-			
tion projects	- -	- -	\$2,350,000(1)
Total increased pay costs (P.L.			
87-793)	- -	- -	(23,000)
Total estimate	- -	- -	2,350,000

General. The Rural Renewal program will be carried out under Section 102 of the Food and Agriculture Act of 1962 (Public Law 87-703) and Section 32(e), Title III of the Bankhead-Jones Farm Tenant Act. The program will provide technical and financial assistance to locally initiated and sponsored demonstration projects designed to eliminate chronic rural underemployment, foster sound rural economy, strengthen family farming and increase farm and rural income. Efforts will be made to attract industry to rural areas, including manufacturing and marketing facilities for agricultural and forestry products, to develop more adequate community facilities and improved rural housing (including group housing for senior citizens in rural areas), and to develop recreational opportunities. These goals will be achieved through technical assistance and loans to eligible State and local public agencies.

Rural Renewal Demonstration Projects will unify efforts to concentrate all available technical and financial assistance from private and local, State and Federal government sources for renewing, restoring and developing local natural and human resources. Areas designated for rural renewal projects will be those in which needed adjustments, developments and improvements are interdependent and interrelated to the extent that the combined, coordinated and concentrated use of several types of assistance affords the most feasible approach to renewal. Rural renewal projects will demonstrate that such areas can be revitalized to provide needed economic and social opportunities for people in these areas. They will make a significant contribution to the accomplishment of needed long-range economic adjustments based on sound land use practices--a basic consideration in achieving a more realistic balance between the supply and demand for farm products.

Loans will be made to local public agencies or groups for rural renewal development projects specifically related to conservation and land utilization. Each project financed with loan funds would be an important component of an overall rural renewal plan to rebuild the economy of the designated area. To be eligible for designation as a rural renewal area, the locality must be one of chronic underemployment on farms and unemployment in the surrounding communities. The area must also be one in which agriculture or forestry contribute substantially to the economy.

(1) An increase of \$2,350,000 for loans and administrative expenses for initiating the rural renewal program. The rural renewal program will be initiated by assigning trained project leaders to selected areas. Project leaders will assist local agencies, development committees and other groups to utilize all available technical data for the preparation of a master development plan for the area. The Department of Agriculture will furnish technical specialists to assist in the preparation of the master development plan.

The rural renewal development plan will outline all of the principal measures that need to be taken to rebuild the economy of the area. It also will include details for carrying out individual development projects. For example, the plan might include such information as specific changes in land use or ownership; the specific size and site of a proposed dam or structures to be constructed; improvements to be made in public buildings; or the number of family farms to be established in specific areas. The plan also will list priorities for acceptance among the various development projects, together with proposed methods of financing. The project leader will utilize planning assistance from other agencies in developing a sound rural renewal development plan for the particular area.

When needed, rural renewal loans will be available from the Farmers Home Administration for individual development projects described in the rural renewal plan. These loan funds will be used specifically for purposes related to conservation and better land utilization. The following are some examples of projects that may be financed with rural renewal loan funds:

1. Correction of maladjustments in land use. For example, this may include purchase and consolidation of small tracts into family farms for resale for farm or non-farm use, or purchase and subdivision of large tracts into family farms for resale for farm or non-farm use.
2. Development of lakes, greenbelts, public playgrounds, parks, grassland areas and wildlife areas.
3. Development of water and sewer facilities and community buildings when such types of development are needed in land conservation and use.
4. Reforestation and related services.

For fiscal year 1964 it is estimated that about 20 loans totaling \$2,000,000 will be made by the Farmers Home Administration for individual rural renewal projects in areas designated as rural renewal areas. Administrative costs by the Farmers Home Administration are estimated at \$350,000.

At the county or project level, it will generally be necessary to employ a project leader and a clerk to assist the local public authority to carry out a rural renewal project. In addition, it will be necessary in some cases to strengthen FHA county office and State Office staffs in connection with loan development, processing and servicing of loans.

A small increase in National Office staffing will be required for establishing standards, procedures, guides, loan making and loan servicing and general project development activities.

* * * *

Further information on this program is included in the following "Explanatory Statement".

EXPLANATORY STATEMENT

Sec. 102 of the Food and Agriculture Act of 1962 (Public Law 87-703) amended Sec. 32(e) of title III of the Bankhead-Jones Farm Tenant Act to authorize a program of technical assistance and loans to stimulate long-range economic development in rural communities where family incomes are abnormally low.

Program Administration - The Farmers Home Administration has been assigned primary responsibility for coordinating the program for rural renewal.

Planning assistance will be provided to the local public body in developing the detailed master development plan. Such special assistance will vary with the complexities and character of the problems in the particular area. The assistance will be given by such specialists as engineers, economists, conservationists, foresters, farm and home management specialists, and other technicians. Such assistance will be made available to the local public body, upon approval of the application, for a period of three to six months in developing detailed project plans. It will include secretarial assistance.

As required the Economic Research Service will (1) develop criteria for the selection of rural renewal areas, (2) develop basic data and analyses needed for planning, implementing and evaluating rural renewal projects, and (3) develop methods for determining the impact on employment and income from different levels of program acceleration. The Forest Service will provide technical forestry assistance for rural renewal plans and projects. The Soil Conservation Service will furnish technical assistance and design services needed in rural renewal projects, and will provide engineering and consulting services relating to need, feasibility and benefits of conservation practices when long-term loans are involved.

Application for designation of rural renewal area - Local leaders may make application to have their area designated as eligible for rural renewal assistance by submitting three basic items of information to the Farmers Home Administration:

1. Preliminary overall economic development plan, indicating known resources of the area, position of the major industries, present economic situation, conditions affecting employment, farm and non-farm income, problems and needs, economic potentialities and goals, and a recommended program.
2. Map showing the boundaries of the proposed rural renewal area.
3. Designation and description of the agency or organization that will represent the area in planning a rural renewal program.

Application for rural renewal assistance will be made through the county supervisor of the Farmers Home Administration, who will provide necessary assistance in preparing the required information. If an application is approved, the area will be designated officially as a "rural renewal area" and a project leader will be assigned to assist in preparing a rural renewal development plan.

Borrowing agency - Any local public agency or group may apply for rural renewal assistance from the Farmers Home Administration as described

previously. However, rural agencies, groups or authorities obtaining loan funds under the program for specific development projects must meet certain legal requirements. These include (1) designation by the state legislature or governor to receive rural renewal loan funds and (2) authority under state and local laws to borrow funds, buy and sell property, improve, develop and maintain property, and secure revenues to repay loans and meet other obligations. The borrowing agency will, of course, vary among rural renewal areas. In some cases an existing county government agency or other public agency may serve as the borrower under the rural renewal program. In other cases it will be necessary to establish entirely a new agency if state enabling laws will permit. The latter would be roughly similar to local authorities established specifically to carry out urban renewal programs at the local level. Before a rural renewal loan application is made to the Farmers Home Administration by the borrowing agency, it must first be submitted to a state agency designated by the governor or legislature for review.

Terms of loans - Rural renewal loans may be made for periods up to 30 years with repayment of principal and interest deferred up to 5 years, if necessary. The interest rate will be the average rate paid by the U.S. Treasury on obligations of similar maturity (2.936 percent for fiscal year 1963).

Size of loans - The amount which a local agency may borrow will be based on its ability to repay the loan. All sources of income available to the agency will be considered, such as fees, leases, rentals, and the sale of securities and property. Loans in excess of \$250,000 will require approval of the Agriculture and Forestry Committees of the Congress.

Security - Loans will be secured in the manner that will adequately protect the U. S. Government's interest.

Scope of Program - It is expected that in the initial stage the rural renewal program of technical assistance and loans will be activated only in certain areas. In this way the limited resources presently available for the program can be most effectively used to gain experience for a full scale effort when additional funds are made available.

(d) Rural Housing for the Elderly Revolving Fund

Appropriation Act, 1963, and base for 1964	- -
Budget estimate, 1964	\$5,000,000
Increase (For loans to provide rental housing and related facilities for elderly persons in rural areas)	<u>\$5,000,000</u>

PROJECT STATEMENT

Project	:	1962	:	1963	:	1964
	:		:	:(estimated):	:	:(estimated)
Loans (Total appropriation or estimate)	:	- -	:	a/ - -	:	\$5,000,000(1)

a/ The 1964 Budget indicates that a supplemental estimate of \$5 million has been requested in 1963 to initiate program.

INCREASE

(1) \$5 million will be required in 1964 for loans under the Senior Citizens Housing Act of 1962 to private non-profit corporations and consumer cooperatives to provide modest cost rental housing and related facilities for elderly persons, of low or moderate income, in rural areas.

Need for Increase. There are now 6,100,000 persons 62 years and over on farms and in rural communities. This number is increasing at the rate of 400,000 each year. A large group of elderly persons in rural areas, about 45 percent, need better housing. Many are unable to obtain it through ownership means. Some of them do not have sufficient savings or income to meet their medical bills, food and other necessities, and still meet the payments on a home, rising maintenance costs and higher taxes. Others, because of advanced age or lack of physical strength, lack the capacity of maintaining their own homes.

As a group, the elderly are in the low and moderate income categories. These citizens do not wish to move to urban areas for housing facilities adapted to their needs. They wish to spend their declining years near the environment in which they have lived all their lives, close to their friends, their church and other organizations.

Low interest direct loans to private nonprofit corporations and consumer cooperatives to provide rental housing and related facilities for elderly persons will help solve their housing problem. Rental housing and related facilities would not be elaborate or extravagant in design. This type of credit will enable many of the elderly persons in rural areas with limited income to obtain decent, safe and sanitary housing to live out their last remaining years in dignity and comfort.

Plan of Work: The Rural Housing for the Elderly Revolving Fund would be established pursuant to the Senior Citizens Housing Act of 1962 (Public Law 87-723, approved September 28, 1962). The Act authorized an appropriation of not to exceed \$50,000,000 for the revolving fund. It is proposed that the fund be initially established in fiscal year 1963 by a supplemental appropriation of \$5,000,000.

Loans from the revolving fund will be made to private non-profit corporations and consumer cooperatives to provide modest cost rental housing and related facilities for elderly persons (age 62 or over) of low or moderate income in rural areas. These will be direct loans repayable in not more than 50 years and will bear interest comparable to housing loans for the elderly in urban areas under programs of the Housing and Home Finance Agency (currently $3\frac{1}{2}\%$). Principal and interest payments from borrowers will be returned to the fund. Administrative expenses for this program are included under the appropriation item, "Salaries and expenses, Farmers Home Administration."

It is estimated that 85 loans totaling \$5,000,000 will be made from the fund in fiscal year 1964.

Only nominal amounts are expected to be repaid to the fund in 1963 and 1964, as follows:

<u>Fiscal Year</u>	<u>Repayments</u>
1963	\$10,000
1964	90,000

Therefore an appropriation of the entire amount of \$5,000,000 for loans will be needed in 1964.

(e) Salaries and Expenses

Appropriation Act, 1963	\$34,582,000
Transferred from Agricultural Credit Insurance Fund	1,050,000
Transferred to "Operating Expenses, Public Buildings Service, General Services Administration" for space rental	-26,000
Proposed transfer, 1963, for increased pay costs	1,182,000
Base for 1964	36,788,000
Budget Estimate, 1964:	
Direct Appropriation	\$39,367,000
Transferred from Agricultural Credit Insurance Fund	1,050,000
Net increase	40,417,000
	<u>+3,629,000</u>

SUMMARY OF INCREASES AND DECREASES, 1964

Increase to provide for servicing additional loans outstanding ...	+2,286,000
Increase to provide for mandatory reimbursement to the Employees Compensation Fund	+24,000
Reduction to reflect estimated savings due to the installation of a centralized data processing operation (MODE) for personnel and payroll data	-97,000
For pay act costs pursuant to Public Law 87-793	1,416,000
Net increase	<u>+3,629,000</u>

PROJECT STATEMENT

Project	1962	1963 (estimated)	Increases		1964 (estimated)
			Increased Pay Costs (P.L. 87-793)	Other	
Administration of:					
direct and in-					
sured loan pro-				(1)	
grams a/	\$35,415,521	\$36,788,000	+\$1,416,000	+\$2,213,000	\$40,417,000
Unobligated					
balance	10,379	- -	- -	- -	- -
Total increased					
pay costs					
(P.L. 87-793) .	(- -)	(1,199,800)	(+1,416,000)	(+140,000)	(2,755,800)
Total available					
or estimate ...	35,425,900	36,788,000	+1,416,000	+2,213,000	40,417,000
Transferred from:					
"Agricultural					
Credit Insurance:					
Fund"	-1,050,000	-1,050,000	- -	- -	-1,050,000
Subtotal	34,375,900	35,738,000	+1,416,000(2)	+2,213,000	39,367,000
Transferred to					
"Operating					
expenses, Public					
Buildings					
Service, General:					
Services					
Administration" :	+16,100	+26,000			

(Continued on next page)

Project	1962	1963 (estimated)	Increases		1964 (estimated)
			Increased Pay Costs (P.L. 87-793):	Other	
Transferred in					
1963 estimates					
to:					
"Salaries and					
expenses,					
Economic					
Research					
Service"	+50,000:	- -			
"Salaries and					
Expenses,					
Agricultural					
Research					
Service"	+75,000:	- -			
Transferred from					
"Reimbursement					
to Commodity					
Credit Corpora-					
tion for costs					
of special					
milk program"					
for increased					
pay costs	- -	-1,182,000:			
Total appropria-					
tion or estimate:	34,517,000:	34,582,000:			

- a/ Represents obligations. Applied costs for 1962 are \$35,390,343. The difference of \$25,178 primarily represents obligations for inventory purchases in 1962 over amounts used during year.
- b/ Includes \$19,600 estimated to be transferred to "Salaries and expenses, General Administration," during fiscal year 1963 for the Office of the Inspector General.

INCREASES AND DECREASES

- (1) A net increase of \$2,213,000 consisting of:

(a) An increase of \$2,286,000 to provide for servicing additional loans - During 1964, the Farmers Home Administration will be servicing a greatly increased volume of loans outstanding compared to 1963 and other recent years. In 1962 the total insured authority of \$150 million was fully obligated for real estate loans as compared to \$25 million in 1961. This represented an increase of about 500 percent in insured loans made in 1962 over 1961. Public Law 87-798, approved October 11, 1962, increased the Farmers Home Administration's insured loan authority to \$200 million. It is estimated that the \$200 million will be fully obligated in 1963. This will be a further increase of about 33 percent in insured loans made in 1963 over 1962. Rural housing loans in 1962 were up about 35 percent over 1961. It is estimated that \$187 million will be loaned for rural housing loans in 1963 which represents a further increase of almost 100 percent in loans made in 1963

over 1962. Operating loans have also increased and it is estimated that the number of borrowers with operating loans outstanding at the beginning of 1964 will be over 12 percent greater than a year earlier. This large added number of borrowers will require supervisory assistance in 1964 and in subsequent years.

In most cases the success of an individual borrower and the eventual return of the Government's investment is dependent upon the development of sound farm and home plans and upon the supervisory assistance given in carrying out the agreed upon plans. The Farmers Home Administration repeatedly has demonstrated that applicants in distressed circumstances can often become successful farm operators if given adequate credit and technical guidance in good farm and money management practices. However, the needed technical guidance can come only from competent county supervisors who have sufficient time to devote to the difficult problems involved in adjusting the individual operator's farming operations. Often, an applicant's equities are so meager that the supervisor is required to participate in lengthy consultation and negotiations with the applicant and his creditors looking toward adjustment of balances and lengthening maturities, in order to improve his equity position. The present number of county supervisors will not be sufficient to adequately service the larger number of applicants and borrowers in 1964.

Housing loans for the elderly authorized in the Senior Citizens Housing Act of 1962, Public Law 87-723, together with the marked increase in the volume of other real estate type loans will require substantial strengthening of the appraising and engineering staffs. Multiple unit rental loans for the elderly authorized by Public Law 87-723 represent a new kind of loan for the Farmers Home Administration. It is particularly important that the building design be adequate as to utility and construction, and acceptable to senior citizens. Proper review of proposed designs and plans will provide the best assurance of acceptance and utility of the units and will permit better loan retiring features. Loans for such housing will be substantially larger than the single unit housing loans which Farmers Home Administration engineers have previously developed and reviewed. Specially trained engineers will be required for these multiple unit loans.

The Farmers Home Administration is unable to absorb added loan volume. The staff of the Agency was sharply reduced in recent years and the increased workload has thrown a heavy burden on all personnel. In fiscal year 1962 there were over 260 man-years of voluntary non-compensated overtime. During the last leave year over 45 percent of the employees lost annual leave. By working voluntarily on non-compensated overtime, by foregoing annual leave in many instances, and by deferring some functions, the employees are handling the present workload.

The additional administrative funds requested are needed to strengthen county and state office staffs in the most critical workload areas. The investment needed for this effort will be more than repaid through improved rural family progress, resulting in greater loan repayments in future years.

(b) An increase of \$24,000 to provide for mandatory reimbursement to the Employees Compensation Fund. (An explanation of payments to the Employees Compensation Fund is included in the Preface to these Explanatory Notes in Volume 1.)

(c) A reduction of \$97,000 to reflect estimated savings due to the installation of a centralized data processing operation (MODE) for payroll and personnel data - An explanation of this reduction is included in the Preface of these Explanatory Notes.

(2) An increase of \$1,416,000 for pay costs pursuant to P.L. 87-793, consisting of \$570,000 to provide for full year costs of the first step of the pay increase pursuant to P.L. 87-793 and \$846,000 for fiscal year 1964 cost of the additional increase effective January 5, 1964. (An over-all explanation of increases for pay & cost costs is included in the Preface to these Explanatory Notes in Volume 1.)

STATUS OF PROGRAM

(f) Emergency Credit Revolving Fund,
Department of Agriculture

Establishment of Fund - The Emergency Credit Revolving Fund was established on October 15, 1961 by subtitle C of the Consolidated Farmers Home Administration Act of 1961 to carry out the purposes of that subtitle. The fund was originally created by section 84 of the Farm Credit Act of 1933, as amended, but subsequently became known as the Disaster Loan Revolving Fund when it was transferred to the Secretary of Agriculture and the Regional Agricultural Credit Corporation was abolished under the terms of Public Law 38, approved April 6, 1949. At that time, the assets of the fund amounted to \$45,494,334. Public Law 38, as amended, was repealed by the Consolidated Farmers Home Administration Act of 1961.

Additional Appropriations - Subsequent to April 6, 1949, two appropriations aggregating \$160 million have been made as additions to the Fund. Of this amount not to exceed \$61.5 million was authorized for use in furnishing emergency feed and seed assistance to farmers and ranchers as authorized by section 2(d) of Public Law 38, as amended. Such feed and seed assistance is no longer authorized. Upon activation of the Emergency Credit Revolving Fund on October 15, 1961, a balance of approximately \$2,775,000 was unused of the limitation of \$61.5 million.

Current Programs - Emergency loans are made at 3 percent interest to farmers, ranchers, or oyster planters and to domestic corporations or partnerships engaged primarily in farming, ranching, or oyster planting in any designated emergency area, or to persons or corporations outside such areas who have suffered severe production losses not general to the area. The Food and Agriculture Act of 1962 provides that persons engaged in fish farming will be considered as farmers, and oyster planters were made eligible for emergency loans by amendment to the Consolidated Farmers Home Administration Act of 1961.

The Secretary may designate any area in the United States and in Puerto Rico and the Virgin Islands as an emergency area if he finds (1) that there exists in such area a general need for agricultural credit which cannot be met for temporary periods of time by private, cooperative, or other responsible sources (including real estate or operating loans under subtitles A and B of the Consolidated Farmers Home Administration Act of 1961), at reasonable rates and terms for loans for similar purposes and periods of time and (2) that the need for such credit in such area is the result of a natural disaster. Applicants for loans must have experience and resources necessary to assure a reasonable prospect for a successful operation with the assistance of an emergency loan and must be unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time. Loans may be made for any agricultural purpose for which regular loans may be made under subtitles A and B of the Act. Emergency loans are repayable in accordance with the applicant's ability to pay, but the repayment schedules may not exceed the maximum number of years authorized for real estate and operating loans for similar purposes under subtitles A and B of the Act.

Subsequent loans may be made to borrowers indebted for production emergency, economic emergency and special livestock loans under the repealed provisions

of Public Law 38, and for special emergency loans under Public Law 727 which expired June 30, 1959.

Special livestock loans originally authorized by section 2(c) of Public Law 38, as amended, were authorized to be made to new and already indebted borrowers beyond the October 15, 1961 effective date of the Consolidated Farmers Home Administration Act but not after December 31, 1961. These loans were made at 5 percent interest to established livestock producers who were temporarily unable to secure credit from recognized lenders and who had a reasonable chance of working out their difficulties with supplementary financing.

Administrative Expenses - The Emergency Credit Revolving Fund is utilized to pay administrative expenses in connection with the servicing of loans outstanding made under current and prior authorities and in connection with making additional loans currently authorized. Except for a small allotment to the Office of the General Counsel, administrative expense obligations are confined to the activities of the Farmers Home Administration. Administrative expenses of the Agricultural Stabilization and Conservation Service in connection with the emergency feed and seed programs were paid from the Emergency Credit Revolving Fund until October 15, 1961, at which time legal authority to use the Fund for such expenses terminated.

Cumulative Activity Under Various Loan Authorizations
to June 30, 1962
(Dollars in millions)

Type of Loan	Advances	Principal			Interest Payments	Percent Principal Repayments to Maturities
		Maturities	Repayments	Outstanding		
Emergency.....	\$451.2	\$389.0	\$370.0	\$75.8	\$11.9	95.1%
Economic						
Emergency.....	102.0	101.8	95.7	6.6	3.7	94.0%
Special						
Emergency.....	30.9	30.9	29.8	1.0	.7	96.4%
Fur.....	5.7	5.7	5.4	a/	.3	94.7%
Orchard.....	.3	.3	.3	--	a/	100.0%
Special						
Livestock.....	91.4	90.0	84.9	5.5	6.1	94.3%

a/ Less than \$50,000.

Emergency and special livestock loans obligated from the Emergency Credit Revolving Fund during the 1962 fiscal year were as follows:

	Initial		Subsequent		Total	
	Number	Amount	Number	Amount	Number	Amount
Emergency....	16,102	\$49,966,720	4,677	\$12,213,531	20,779	\$62,180,251
Special						
Livestock...	5	147,540	77	1,012,285	82	1,159,825
Total...	16,107	\$50,114,260	4,754	\$13,225,816	20,861	\$63,340,076

Emergency Credit Revolving Fund

Table I - Statement of Funds Available, and Obligations Cumulative From Inception of Funds on April 6, 1949, to June 30, 1961, Fiscal Year 1962 and Estimates for Fiscal Years 1963 and 1964

	Cumulative from April 6, 1949 thru June 30, 1961	1962	1963 estimated	1964 estimated
Funds available:				
By appropriation:				
For establishment of revolving fund for production disaster loans and transfer of net assets (cash) of the Regional Agricultural Credit Corporation to the fund (P.L. 38, approved April 6, 1949) a/	\$45,494,334	.....	.....	.....
For flood rehabilitation in the Midwest area (P. L. 202, approved October 24, 1951)	30,000,000	.....	.....	.....
For assistance to farmers and stockmen through economic disaster loans, special livestock loans, and emergency assistance in furnishing feed and seed (P. L. 175, approved July 31, 1953)	130,000,000	.....	.....	.....
Balance available from prior fiscal year	579,788,799	\$79,600,709	\$43,244,425	\$30,670,425
Receipts - Principal and interest collection on loans		29,417,907	52,080,000	46,976,000
Total available	785,283,133	109,018,616	95,321,425	77,646,425
Obligations:				
Loans made	619,233,831	63,340,076	61,000,000	46,500,000
Hay and roughage program	25,328,969	.....	.....	.....
Transportation and other costs in connection with emergency feed furnished to farmers and stockmen	27,900,000	.....	.....	.....
Administrative expenses:				
Loan programs	27,734,443	2,428,741	3,651,000	3,529,000
Emergency feed program	5,485,181	8,374	-	-
Total obligations	705,682,424	65,777,191	64,651,000	50,029,000
Unobligated balance	79,600,709	43,241,425	30,670,425	27,617,425

a/ In addition, net assets (other than cash) of \$363,811 were acquired from the Regional Agricultural Credit Corporation.



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Table II - Loans Made From the Emergency Credit Revolving Fund (Previously Disaster Loan Revolving Fund)
During 1962 Fiscal Year

State and territory	Production Emergency loans		Economic Emergency loans		Special Livestock loans		Total loans	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
U. S. Total.....	20,710	\$52,157,111	32	\$23,110	82	\$1,159,825	20,824	\$53,340,076
Initial loans.....	16,102	19,965,732	0	0	0	117,513	16,102	50,114,280
Subsequent loans.....	4,638	12,132,585	39	23,110	77	1,012,285	4,754	13,151,900
Loan costs 1/.....		57,636						57,636
Alabama.....	990	1,270,110	0	0	0	0	990	1,270,110
Alaska.....	0	0	0	0	0	0	0	0
Arizona.....	27	203,520	0	0	0	0	27	203,520
Arkansas.....	1,863	7,198,878	2	890	0	0	1,865	7,199,768
California.....	225	1,467,990	0	0	0	0	225	1,467,990
Colorado.....	158	761,510	0	0	2	16,080	160	777,590
Connecticut.....	0	0	0	0	0	0	0	0
Delaware.....	1	4,000	0	0	0	0	1	4,000
Florida.....	13	250,312	0	0	0	0	13	250,312
Georgia.....	117	584,088	0	0	0	0	117	584,088
Hawaii.....	0	0	0	0	0	0	0	0
Idaho.....	100	2,068,126	0	0	1	29,110	101	2,097,236
Illinois.....	2	6,050	0	0	0	0	2	6,050
Indiana.....	1	1,000	0	0	0	0	1	1,000
Iowa.....	191	793,780	0	0	0	0	191	793,780
Kansas.....	96	205,015	0	0	0	0	96	205,015
Kentucky.....	14	18,610	0	0	0	0	14	18,610
Louisiana.....	1,059	3,172,011	0	0	1	25,000	1,060	3,197,011
Maine.....	107	533,430	0	0	0	0	107	533,430
Maryland.....	0	0	0	0	0	0	0	0
Massachusetts.....	19	139,094	0	0	0	0	19	139,094
Michigan.....	74	208,900	0	0	0	0	74	208,900
Minnesota.....	853	1,818,794	0	0	0	0	853	1,818,794
Mississippi.....	1,892	3,530,325	0	0	0	0	1,892	3,530,325
Missouri.....	1,399	3,368,735	0	0	0	0	1,399	3,368,735
Montana.....	165	2,359,481	0	0	3	20,710	168	2,380,191
Nebraska.....	0	0	0	0	0	0	0	0
Nevada.....	9	162,260	0	0	0	0	9	162,260
New Hampshire.....	1	11,480	0	0	0	0	1	11,480
New Jersey.....	49	158,350	0	0	1	2,000	50	160,350
New Mexico.....	39	220,991	0	0	0	0	39	220,991
New York.....	13	189,220	0	0	0	0	13	189,220
North Carolina.....	169	1,668,339	0	0	0	0	169	1,668,339
North Dakota.....	5,215	11,300,430	0	0	0	0	5,215	11,300,430
Ohio.....	0	0	0	0	0	0	0	0
Oklahoma.....	125	357,470	0	0	3	66,670	128	424,140
Oregon.....	100	280,490	0	0	2	25,800	102	306,290
Pennsylvania.....	4	51,668	0	0	0	0	4	51,668
Rhode Island.....	0	0	0	0	0	0	0	0
South Carolina.....	277	1,015,691	0	0	0	0	277	1,015,691
South Dakota.....	172	738,335	0	0	0	0	172	738,335
Tennessee.....	214	401,170	0	0	0	0	214	401,170
Texas.....	3,172	13,330,152	37	22,220	66	922,775	3,275	14,275,147
Utah.....	368	1,652,027	0	0	3	51,650	371	1,703,677
Vermont.....	0	0	0	0	0	0	0	0
Virginia.....	32	463,750	0	0	0	0	32	463,750
Washington.....	38	915,536	0	0	0	0	38	915,536
West Virginia.....	1	14,630	0	0	0	0	1	14,630
Wisconsin.....	0	0	0	0	0	0	0	0
Wyoming.....	86	370,637	0	0	0	0	86	370,637
Puerto Rico.....	0	366	0	0	0	0	0	366
Virgin Islands.....	0	0	0	0	0	0	0	0
Initial.....		\$3,103						\$29,508
Subsequent.....		2,616		\$593				13,117
Average amount of loans								

1/ "Loan costs" represent the amounts advanced to borrowers for such purposes as the payment of taxes, insurance premiums, etc. The amount for Puerto Rico is loan costs; no loans were made.



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FARMERS HOME ADMINISTRATION

Table III - Loans Made From the Emergency Credit Revolving Fund, or the Disaster Loan Revolving Fund Under Public Laws 38 and 727, as Amended, Cumulative From Inception of Each Program Through June 30, 1962

State and territory	Production Emergency loans			Economic Emergency loans			Special Emergency loans			Special Livestock loans			Fur loans			Total loans		
	Number	Amount	2	Number	Amount	3	Number	Amount	4	Number	Amount	5	Number	Amount	6	Number	Amount	7
U. S. Total.....	239,079	\$452,914,571	71,801	\$102,022,333	26,367	\$30,935,930	10,258	\$21,222,691	553	\$2,873,727	324	\$2,597,635	329	\$1,418,427	112	5,402	24,818,963	347,723
Initial loans.....	176,613	328,356,910	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,410,709	176,727,932
Subsequent loans.....	62,466	124,083,865	23,213	74,292,684	23,567	28,166,783	4,707	16,036,000	5,551	1,074,615	0	0	0	0	0	51	9,803,816	205,381,417
Loan costs 1/.....		163,796		27,729,549	2,711	6,168,105	762										14,511,615	164,558
Alabama.....	9,582	7,871,887	248	290,265	329	212,996	47	253,210	0	0	0	0	0	0	0	10,206	8,628,358	0
Alaska.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Arizona.....	55	272,939	0	0	0	0	0	0	0	0	0	0	0	0	0	133	1,410,709	0
Arkansas.....	18,268	39,992,695	8,985	12,237,110	490	440,412	33	886,965	0	0	0	0	0	0	0	28,662	53,557,182	0
California.....	1,201	6,903,523	0	0	0	0	0	1,032,000	0	0	0	0	0	0	0	1,237	7,952,123	0
Colorado.....	4,061	12,716,453	274	408,055	111	351,193	814	9,894,835	112	1,418,427	0	0	0	0	0	5,402	24,818,963	347,723
Connecticut.....	58	347,723	0	0	0	0	0	0	0	0	0	0	0	0	0	58	347,723	0
Delaware.....	51	173,955	84	716,315	0	0	0	1,074,615	0	0	0	0	0	0	0	51	173,955	0
Florida.....	816	7,812,946	0	0	0	0	0	432,280	0	0	0	0	0	0	0	976	9,803,816	0
Georgia.....	10,418	13,723,950	0	0	0	0	0	1,074,615	0	0	0	0	0	0	0	10,766	14,511,615	0
Hawaii.....	79	205,090	0	0	0	0	0	19,375	0	0	0	0	0	0	0	86	254,465	0
Idaho.....	637	3,411,897	0	0	0	0	0	1,831,960	0	0	0	0	0	0	0	787	5,243,857	0
Illinois.....	629	887,106	0	0	0	0	0	18,600	0	0	0	0	0	0	0	1,058	1,904,051	0
Indiana.....	78	129,022	0	0	0	0	0	170,900	0	0	0	0	0	0	0	286	1,697,417	0
Iowa.....	856	1,110,360	0	0	0	0	0	4,000	0	0	0	0	0	0	0	1,471	1,694,548	0
Kansas.....	5,257	16,710,710	2,205	3,850,785	0	0	0	4,122,165	0	0	0	0	0	0	0	7,765	24,993,660	0
Kentucky.....	1,238	696,169	1,131	667,790	0	0	0	76,120	0	0	0	0	0	0	0	2,412	1,440,079	0
Louisiana.....	7,111	13,037,108	2,582	2,669,270	0	0	0	150,475	0	0	0	0	0	0	0	9,710	15,856,853	0
Maine.....	301	836,565	1,311	2,895,745	0	0	0	1,200	0	0	0	0	0	0	0	4,355	12,518,343	0
Maryland.....	59	220,529	0	0	0	0	0	1,200	0	0	0	0	0	0	0	60	221,729	0
Massachusetts.....	186	985,070	0	0	0	0	0	13,000	0	0	0	0	0	0	0	194	1,003,070	0
Michigan.....	306	998,992	0	0	0	0	0	12,500	0	0	0	0	0	0	0	1,866	679	0
Minnesota.....	2,926	4,317,113	0	0	0	0	0	25,195	0	0	0	0	0	0	0	4,953	6,513,731	0
Mississippi.....	21,756	33,613,262	3,364	3,364,355	1,162	515,477	6	34,595	0	0	0	0	0	0	0	26,287	37,557,689	0
Missouri.....	17,298	30,789,394	5,944	6,909,238	1,648	1,580,055	1,354	2,035,870	0	0	0	0	0	0	0	26,244	41,314,567	0
Montana.....	865	3,142,478	0	0	0	0	0	6,654,213	0	0	0	0	0	0	0	1,326	9,799,691	0
Nebraska.....	73	107,388	0	0	0	0	0	1,257,080	0	0	0	0	0	0	0	1,591	1,591,718	0
Nevada.....	57	605,731	0	0	0	0	0	1,917,130	0	0	0	0	0	0	0	1,198	2,522,861	0
New Hampshire.....	28	179,835	0	0	0	0	0	5,910	0	0	0	0	0	0	0	35	185,745	0
New Jersey.....	431	1,436,354	117	547,825	60	118,450	75	113,300	11	31,300	0	0	0	0	0	694	2,247,229	0
New Mexico.....	1,382	4,016,114	1,072	2,438,670	0	0	0	8,227,420	0	0	0	0	0	0	0	3,348	15,384,464	0
New York.....	8,749	1,884,323	5	15,365	51	359,350	42	51,070	14	211,873	0	0	0	0	0	365	2,521,981	0
North Carolina.....	8,749	8,607,976	6,076	5,826,296	1,046	993,685	2	4,915	0	0	0	0	0	0	0	15,873	15,432,872	0
North Dakota.....	29,050	24,595,156	0	0	0	0	0	17,835	0	0	0	0	0	0	0	32,835	34,041,594	0
Ohio.....	117	172,191	0	0	0	0	0	26,845	1	1,500	0	0	0	0	0	147	255,671	0
Oklahoma.....	9,712	11,950,550	4,985	4,350,636	0	0	0	5,896,708	0	0	0	0	0	0	0	15,373	21,907,894	0
Oregon.....	271	1,168,839	0	0	0	0	0	1,001,090	0	0	0	0	0	0	0	344	2,205,949	0
Pennsylvania.....	153	530,936	1	1,500	0	0	0	137,760	5	17,000	0	0	0	0	0	262	687,198	0
Rhode Island.....	28	85,547	0	0	0	0	0	0	0	0	0	0	0	0	0	28	85,547	0
South Carolina.....	16,894	14,915,504	0	0	0	0	0	10,870	0	0	0	0	0	0	0	18,231	15,716,789	0
South Dakota.....	7,926	7,229,833	0	0	0	0	0	1,771,460	3	15,000	0	0	0	0	0	9,882	10,693,591	0
Tennessee.....	4,729	4,056,779	2,146	1,383,595	0	0	0	36,084,495	0	0	0	0	0	0	0	6,293	5,315,544	0
Texas.....	58,174	152,201,840	30,659	53,051,503	0	0	0	36,084,495	134	494,045	0	0	0	0	0	92,862	241,314,938	0
Utah.....	586	2,481,944	0	0	0	0	0	2,638,485	0	0	0	0	0	0	0	91	5,181,244	0
Vermont.....	86	220,420	0	0	0	0	0	3,180	0	0	0	0	0	0	0	91	229,600	0
Virginia.....	697	4,858,576	610	384,515	0	0	0	240,640	0	0	0	0	0	0	0	1,373	5,483,731	0
Washington.....	809	5,891,168	0	0	0	0	0	131,195	80	485,975	0	0	0	0	0	893	6,508,338	0
West Virginia.....	25	354,575	1	1,000	0	0	0	27,165	0	0	0	0	0	0	0	73	383,040	0
Wisconsin.....	369	837,117	0	0	0	0	0	1,092,957	73	3,100	0	0	0	0	0	1,930,074	4,610,091	0
Wyoming.....	660	2,411,801	1	2,500	21	34,430	117	2,155,260	2	3,100	0	0	0	0	0	801	4,610,091	0
Puerto Rico.....	388	893,946	0	0	0	0	0	16,000	0	0	0	0	0	0	0	389	909,946	0
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Initial.....		\$1,859		\$1,529				Average amount of loans									\$8,870	
Subsequent.....		1,986		1,195				\$1,038									7,896	
Washington.....	48	267,130						\$9,927									267,130	

1/ "Loan costs" represent the amounts advanced to borrowers for such purposes as the payment of taxes, insurance premiums, etc. Such advances related to Economic Emergency, Special Live-stock and Fur loans are included in the amount for Production Emergency loans.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table IV - Production and Economic Emergency Loans, Maturities and Collections,
Cumulative From April 6, 1919 Through June 30, 1952

State and territory	Cumulative advances 1/	Matured principal	Collections		Total	Principal		Unpaid principal balance	Ratio of principal repayments to matured principal
			Principal repayments	Interest payments		Write-offs	Judgments		
	1	2	3	4	5	6	7	8	9
U. S. Total.....	\$553,287,503	\$490,812,771	\$165,717,684	\$15,614,902	\$181,332,586	\$5,632,953	\$966,567	\$80,970,292	94.2%
Production Emergency.....	451,213,317	389,027,295	370,013,406	11,938,021	381,951,427	4,360,544	784,801	75,754,596	95.1
Economic Emergency.....	102,044,186	101,815,476	5,674,278	3,706,881	99,343,159	1,272,409	181,766	5,215,703	94.0
Alabama.....	8,127,578	6,822,359	6,654,224	176,879	6,831,103	124,317	12,120	1,336,917	97.5
Alaska.....	4,670	1,670	1,479	1,549	1,549	0	0	3,191	31.7
Arizona.....	438,036	234,516	168,959	10,199	179,158	13,459	0	255,608	72.0
Arkansas.....	51,176,378	44,687,650	42,773,907	1,144,998	43,918,905	779,287	98,268	7,924,936	95.7
California.....	7,647,580	6,177,067	5,621,763	303,386	5,925,149	288,202	4,615	1,733,000	91.0
Colorado.....	13,096,178	12,264,683	11,574,297	564,719	12,139,016	93,661	5,282	1,422,938	94.4
Connecticut.....	357,160	357,160	357,160	11,473	368,633	360	0	5,575	98.3
Delaware.....	174,985	168,885	163,191	5,494	168,685	0	0	11,794	96.6
Florida.....	8,679,974	8,458,462	7,389,011	240,543	7,629,554	67,312	61,014	1,162,637	87.4
Georgia.....	13,721,305	13,111,940	12,737,734	313,397	13,051,131	235,201	20,153	728,217	97.1
Hawaii.....	205,090	120,185	118,282	7,400	125,682	1,103	0	85,705	98.4
Idaho.....	3,443,570	1,398,128	1,359,219	57,976	1,417,195	28,943	1,515	2,055,893	97.2
Illinois.....	1,070,581	1,051,157	959,768	34,202	1,003,970	11,373	3,170	56,270	92.2
Indiana.....	202,545	201,155	166,448	6,207	172,655	18,045	0	18,052	82.7
Iowa.....	1,106,300	350,600	341,949	8,532	350,481	4,701	0	759,650	97.5
Kansas.....	20,585,315	19,908,943	19,159,204	775,156	19,934,360	65,761	13,579	1,346,771	96.2
Kentucky.....	1,360,345	1,344,885	1,305,556	69,754	1,375,310	7,695	0	47,094	97.3
Louisiana.....	15,717,271	12,580,263	11,998,728	298,327	12,297,055	11,989	14,663	3,591,891	95.4
Maine.....	3,715,380	3,181,950	3,128,039	131,896	3,259,935	7,120	7,120	569,132	98.3
Maryland.....	232,126	216,054	188,379	16,800	205,179	1,397	0	42,350	87.2
Massachusetts.....	953,140	774,304	719,707	43,082	762,789	2,452	1,053	229,928	92.9
Michigan.....	1,136,212	858,780	745,440	105,325	790,765	38,999	0	351,773	86.8
Minnesota.....	4,319,899	2,541,084	2,538,930	47,063	2,585,993	6,223	66	1,774,680	89.9
Mississippi.....	36,687,268	33,253,694	31,959,540	877,338	32,836,882	611,321	73,695	4,042,738	86.1
Missouri.....	37,403,030	34,063,183	33,590,547	1,024,673	34,615,220	172,092	221,351	3,617,640	96.6
Montana.....	3,066,611	778,275	754,988	40,463	795,451	2,350	8,257	2,301,016	97.0
Nebraska.....	139,420	134,407	115,403	6,515	121,918	1,365	0	22,452	85.9
Nevada.....	589,629	462,409	436,331	49,587	485,918	4,518	0	148,780	94.4
New Hampshire.....	179,435	170,475	154,597	7,237	161,834	0	0	24,838	90.7
New Jersey.....	1,979,099	1,778,528	1,578,230	100,832	1,679,062	36,635	3,008	361,226	88.7
New Mexico.....	6,698,086	6,360,784	5,799,751	294,314	6,094,065	69,744	5,694	822,897	91.2
New York.....	1,933,530	1,745,240	1,643,194	67,170	1,710,364	72,882	11,911	205,513	94.2
North Carolina.....	14,407,616	13,916,115	13,611,814	369,406	13,981,220	69,931	10,946	714,925	97.8
North Dakota.....	24,564,095	13,287,355	12,620,564	243,936	12,864,500	31,111	25,371	11,887,019	95.0
Ohio.....	181,560	181,560	171,118	3,856	174,974	3,298	0	7,144	94.2
Oklahoma.....	16,385,780	15,611,330	15,032,156	676,695	15,708,851	59,694	28,635	1,265,295	96.3
Oregon.....	1,162,561	880,700	818,134	36,757	854,901	20,191	5,620	318,616	92.9
Pennsylvania.....	540,034	538,661	520,076	19,155	539,231	3,619	2,503	13,836	96.5
Rhode Island.....	85,547	85,547	84,273	3,777	88,050	825	0	1,449	96.5
South Carolina.....	14,872,192	13,917,104	13,595,277	341,275	13,936,552	155,141	73,234	1,049,140	97.7
South Dakota.....	7,198,373	6,467,086	6,261,937	128,332	6,390,269	34,450	15,213	886,773	96.8
Tennessee.....	5,630,092	5,195,348	4,966,462	156,645	5,123,107	124,875	257	538,498	95.6
Texas.....	20,362,278	190,516,220	177,954,209	6,259,119	184,211,328	2,147,611	335,503	23,224,725	93.4
Utah.....	2,440,040	648,184	696,642	62,379	759,021	0	9,535	1,733,863	107.5
Vermont.....	218,280	212,087	198,576	22,656	221,232	9,663	0	10,011	93.6
Virginia.....	5,264,618	4,863,228	4,664,874	110,897	4,775,771	77,734	33,734	536,277	95.9
Washington.....	5,760,479	5,240,234	4,859,565	176,075	5,035,640	16,539	43,119	811,226	92.7
West Virginia.....	348,475	299,835	244,065	14,354	258,419	0	0	104,410	81.4
Wisconsin.....	853,959	852,659	668,776	13,977	712,753	8,989	0	176,194	78.4
Wyoming.....	2,369,570	1,959,742	1,930,746	114,916	2,045,662	6,566	15,304	416,954	98.5
Puerto Rico.....	893,838	610,000	610,026	79,448	689,474	0	0	283,812	100.0

1/ Cumulative advances by states include the face amount of individual notes owed by borrowers transferring from one state to another while still indebted.



UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table V - Special Livestock Loans, Maturities and Collections,
Cumulative From July 14, 1953 Through June 30, 1962

State and territory	Cumulative advances 1/	Matured principal	Collections			Principal		Unpaid principal balance	Ratio of principal repayments to matured principal
			Principal repayments	Interest payments	Total	Write-offs	Judgments		
	1	2	3	4	5	6	7	8	9
U. S. Total.....	\$91,366,734	\$90,034,362	\$84,912,997	\$6,062,025	\$90,975,022	\$545,505	\$117,161	\$5,160,771	91.3%
Alabama.....	210,160	210,160	208,308	15,813	224,151	42	0	17,110	99.0
Arizona.....	1,028,163	1,028,163	988,865	67,330	1,056,195	22,019	0	21,279	96.2
Arkansas.....	883,732	883,732	813,293	78,660	922,153	10,193	8,302	21,644	95.4
California.....	1,081,723	1,081,723	1,003,723	61,016	1,064,283	67,896	0	10,560	92.7
Colorado.....	10,032,808	10,014,728	9,625,161	589,997	10,215,158	64,944	37,177	304,926	96.1
Florida.....	1,027,815	1,027,815	1,022,634	60,306	1,082,940	0	0	5,181	99.5
Georgia.....	179,080	179,080	150,615	42,560	193,575	1,691	0	26,774	94.1
Hawaii.....	49,375	49,375	49,375	4,832	54,207	0	0	0	100.0
Idaho.....	1,842,550	1,813,410	1,782,186	121,490	1,903,676	8,694	0	51,670	98.3
Illinois.....	50,800	50,800	49,668	1,641	51,309	0	0	1,132	97.8
Indiana.....	170,900	170,900	170,900	8,096	178,996	0	0	0	100.0
Iowa.....	4,000	4,000	4,000	153	4,153	0	0	0	100.0
Kansas.....	4,542,764	4,542,764	4,482,385	247,607	4,729,992	9,155	15,412	35,812	98.7
Kentucky.....	66,122	66,122	66,122	6,766	72,888	0	0	0	100.0
Louisiana.....	151,075	126,075	125,482	9,871	135,353	0	0	25,593	99.5
Maryland.....	1,200	1,200	1,200	107	1,307	0	0	0	100.0
Massachusetts.....	13,000	13,000	13,000	1,714	14,714	0	0	0	100.0
Michigan.....	42,500	42,500	42,500	1,568	44,068	0	0	0	100.0
Minnesota.....	25,195	25,195	25,195	1,301	26,496	0	0	0	100.0
Mississippi.....	34,595	34,595	34,595	3,657	38,252	0	0	0	100.0
Missouri.....	1,975,633	1,975,633	1,900,434	141,447	2,041,881	22,651	11,193	41,355	96.2
Montana.....	6,682,027	6,656,067	6,488,398	177,716	6,666,114	17,924	53,980	91,725	97.5
Nebraska.....	227,240	227,240	227,240	27,393	254,633	0	0	0	100.0
Nevada.....	1,917,130	1,917,130	1,909,434	159,655	2,069,089	0	0	7,696	99.6
New Hampshire.....	5,910	5,910	5,910	391	6,301	0	0	0	100.0
New Jersey.....	117,000	115,000	112,791	8,993	121,784	0	0	4,209	98.1
New Mexico.....	8,625,601	8,625,199	8,119,247	664,921	8,811,168	107	80,610	399,637	94.5
New York.....	47,071	47,071	45,982	3,449	49,431	0	789	300	97.7
North Carolina.....	9,415	9,415	7,915	445	8,360	0	0	1,500	84.1
North Dakota.....	17,835	17,835	17,835	1,251	19,086	0	0	0	100.0
Ohio.....	26,845	26,845	26,845	1,957	28,802	0	0	0	100.0
Oklahoma.....	5,413,135	5,336,635	5,039,523	404,620	5,444,143	6,190	31,353	336,069	94.4
Oregon.....	1,015,021	990,661	914,802	86,265	1,003,067	0	0	100,219	92.3
Pennsylvania.....	136,060	136,060	133,374	13,705	147,079	2,027	2,021	638	96.6
South Carolina.....	10,870	10,870	10,870	882	11,752	0	0	0	100.0
South Dakota.....	1,747,330	1,747,330	1,703,372	123,074	1,826,446	0	0	43,958	97.5
Tennessee.....	65,490	65,490	62,071	4,774	66,845	3,119	0	0	96.0
Texas.....	36,342,611	35,268,381	32,113,827	2,344,379	34,458,206	270,124	191,992	3,736,668	91.1
Utah.....	2,632,205	2,579,505	2,451,029	140,363	2,591,392	0	0	181,176	95.0
Vermont.....	9,180	9,180	9,180	537	9,717	0	0	0	100.0
Virginia.....	240,090	240,090	230,705	16,281	246,986	1,100	0	8,285	96.1
Washington.....	143,597	143,597	141,930	9,357	151,287	0	0	1,667	98.8
West Virginia.....	23,215	23,215	23,065	1,890	24,955	0	0	150	99.4
Wisconsin.....	1,100	1,100	341	7	348	759	0	0	31.0
Wyoming.....	2,155,266	2,155,266	2,131,826	108,427	2,240,253	6,270	14,332	2,838	98.9
Puerto Rico.....	16,000	16,000	16,000	681	16,681	0	0	0	100.0

1/ Cumulative advances by states include the face amounts of individual notes owed by borrowers transferring from one state to another while still indebted.

(g) Agricultural Credit Insurance Fund,
Farmers Home Administration

Establishment and Operation of the Fund

This Fund is used to insure farm ownership loans, soil and water conservation loans, farm labor housing loans and loans for rental housing for the elderly, as authorized by subtitle A of the Consolidated Farmers Home Administration Act of 1961 as amended, and sections 514 and 515 (b) of title V of the Housing Act of 1949, as amended. The insurance endorsement on each insured loan includes an agreement by the Government to purchase the loan after a specified period of not less than three years, at the holder's option. The initial fund of \$1 million is supplemented by charges collected from insured loan borrowers. At least $\frac{1}{2}$ of one percent must be deposited to the Fund to cover losses. Any earnings in excess of this amount may be used for administrative expenses. Loans may be made directly from the Fund from available receipts or borrowings from the Treasury for the purpose of acquiring blocks of loans if there is reasonable assurance that the loans can be sold to investors without undue delay. Not more than \$25 million for real estate loans and not more than \$10 million for loans for rental housing for the elderly may be held in the Fund at any one time. Interest paid the Secretary of the Treasury on borrowings is based on the current average market yield of outstanding marketable obligations of the United States having maturities comparable to the notes issued for operation of the Fund.

Insured loans are currently being made at an interest rate of 5 percent to the borrower. It has been administratively determined that current money market conditions warrant offering lenders $4\frac{1}{4}$ percent interest return with a 6-year repurchase agreement or a 4 percent interest return with a 3-year repurchase agreement. An amount of \$1,050,000 earned on loans made in prior years is being used for administrative expenses in 1963. Similar collections on loans outstanding will provide the same amount for administrative expenses in 1964.

Assets of the capital fund, including receivables, are estimated to be approximately \$32,796,000 at June 30, 1963. The investment of the Government on this date is estimated to consist of \$16,570,000 in borrowing from the Treasury, \$1 million in appropriations and \$12,641,000 in retained earnings.

There are no employees paid from this fund. Insurance charges made available by subsection (e) of section 309 of the Consolidated Farmers Home Administration Act of 1961, as amended, are transferred to the "Salaries and expenses" account from which the costs of servicing the insured loan programs are met.

Insured Loans Approved

	1962 <u>Actual</u>	1963 <u>Estimated</u>	1964 <u>Estimated</u>
Farm ownership	\$143,008,000	\$160,000,000	\$160,000,000
Soil and water conservation	6,921,000	40,000,000	40,000,000
Labor housing	53,000	1,000,000	3,000,000
Rental housing for the elderly .	- -	2,000,000	5,000,000
Total	<u>149,982,000</u>	<u>203,000,000</u>	<u>208,000,000</u>



STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1962, were actually received or programmed for 1963 or 1964. Since work for other agencies is performed on a service basis at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in some cases.)

Item	: Obligations, : 1962	: Estimated : Obligations, : 1963	: Estimated : Obligations, : 1964
<u>Agricultural Credit Insurance Fund,</u>	:	:	:
<u>Department of Agriculture - Revolving fund for payments with respect to insured mortgages as authorized by subtitle A of the Consolidated Farmers Home Administration Act of 1961 and section 514 of Title V of the Housing Act of 1949, as amended</u>	: \$114,014,097:	: \$163,683,000:	: \$183,053,000
<u>Emergency Credit Revolving Fund,</u>	:	:	:
<u>Department of Agriculture - For making emergency loans to farmers and stockmen and for other purposes in accordance with provisions of the Consolidated Farmers Home Administration Act of 1961 .</u>	: 66,234,905:	: 65,252,000:	: 50,576,000
<u>Allotments from:</u>	:	:	:
<u>Watershed Protection, Soil Conservation Service - For loans to local organizations to finance improvements in small watersheds, and related expenses pursuant to Public Law 566, as amended</u>	: 3,223,321:	: 3,421,235:	: 3,000,000
<u>Flood Prevention, Soil Conservation Service - For loans to local organizations to finance local share of costs of improvements in the eleven authorized flood prevention projects, and for related expenses</u>	: 205,500:	: 1,794,500:	: 1,000,000
<u>Resource and Conservation Development Projects, Soil Conservation Service - For loans for resource and conservation development projects as authorized by section 102, Title I of the Food and Agriculture Act of 1962</u>	: - -:	: - -:	: 3,500,000
<u>Total, Allotments</u>	: 3,428,821:	: 5,215,735:	: 7,500,000

(Continued on next page)

Item	: Obligations, 1962	: Estimated Obligations, 1963	: Estimated Obligations, 1964
Allocations and working funds (Advances from other agencies):			
<u>Consolidated Working Fund, General, Agriculture</u> - For carrying out responsibilities and authorities under the Area Redevelopment Program	134,892:	339,200:	382,400
<u>Agency for International Development</u> - For expenses in connection with training activities	73,037:	92,000:	95,900
Total, Allocations and working funds:	207,929:	431,200:	478,300
Trust Funds:			
<u>State Rural Rehabilitation Corporation Funds</u> - Funds available for rural rehabilitation purposes under trust or other agreements between the Secretary and individual States:			
Administrative expenses	168,227:	165,000:	165,000
Undistributed charges	128,728:	101,000:	102,000
Return of assets to States	333,800:	200,000:	200,000
Loans	4,421,265:	4,500,000:	4,500,000
Total, State Rural Rehabilitation Corporation Funds	5,052,020:	4,966,000:	4,967,000
Obligations Under Reimbursements From:			
Governmental and Other Sources:			
<u>Salaries and expenses</u>	145,821:	249,800:	249,600
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	189,083,593:	239,797,735:	246,823,900

PASSENGER MOTOR VEHICLES

The estimates for fiscal year 1964 propose the replacement of 4 passenger motor vehicles. The vehicles are used by field personnel primarily in connection with necessary rural travel where common carrier is not readily available or practicable. Such travel is for the purpose of assisting and advising county supervisors in the investigation of applications, making loans, rendering of farm management assistance to borrowers, and collecting and servicing loans under the various loan programs. It is estimated that the mileage on each of the 4 vehicles proposed for replacement in 1964 will range from 60,000 to 70,000 miles before being replaced. The vehicles will be within the replacement standards prescribed by GSA, which provide that vehicles may be replaced when they have been operated for six years or 60,000 miles, whichever occurs first. If these vehicles are not replaced, it is expected on the basis of past maintenance cost records, that the average repair cost per vehicle will be \$200 during 1964 or a total of \$800. Another factor for consideration is that the resale value of the vehicles will decrease in proportion to increased age and mileage.

The Farmers Home Administration will operate a total of 18 passenger motor vehicles in 1964. These vehicles are located at strategic points throughout the country for use primarily in connection with rural travel.

While custody of the vehicles is under the State Directors, they are not assigned for use of any one person. The use policy involves (1) planning travel and field schedules so as to obtain the maximum amount of use from these vehicles, (2) strict adherence to the preventive maintenance requirements in order to avoid keeping the vehicle in a non-use status for unreasonable periods of time, (3) giving preference to group travel where program functions will permit and (4) the use of common carrier where it is more economical.

Age and mileage data for passenger motor vehicles on hand as of June 30, 1962 is as follows:

<u>Age Data</u>		<u>Mileage Data</u>	
<u>Age-Year Model</u>	<u>Number of Vehicles</u>	<u>Lifetime Mileage</u>	<u>Number of Vehicles</u>
1955	1	60,000 to 80,000	2
1956	1	40,000 to 60,000	3
1957	1	20,000 to 40,000	6
1958	1	0 to 20,000	7
1960	3		
1961	6		
1962	5		
	<u>18</u>		<u>18</u>

FEDERAL CROP INSURANCE CORPORATION

Purpose Statement

The Federal Crop Insurance Corporation is a wholly owned Government Corporation created February 16, 1938, (7 U.S.C. 1501) to carry out the Federal Crop Insurance Act. The purpose of this act is to promote the national welfare by improving the economic stability of agriculture through a sound system of crop insurance and providing the means for research and experience helpful in devising and establishing such insurance.

Crop insurance offered to agricultural producers by the Corporation provides protection from losses caused by unavoidable natural hazards, such as insect and wildlife damage, plant diseases, fire, drought, flood, wind, and other weather conditions. It does not indemnify producers for losses resulting from negligence or failure to observe good farming practices.

In accordance with the Corporation's policy of more rapid expansion of the crop insurance program, the 1963 crop insurance program (fiscal year 1964) will operate in 1,096 counties, furnishing insurance coverage of approximately \$452 million on apples, barley, beans, cherries, citrus, combined crops, corn, cotton, flax, grain sorghum, oats, peaches, peanuts, peas, potatoes, raisins, rice, soybeans, tobacco, tomatoes, and wheat. It is estimated that 405,000 crops will be insured for the 1963 crop year, as compared to 363,760 for the 1962 crop year.

A summary of insurance operations and changes in capital for the past fiscal year 1962, and estimates for the fiscal years 1963 and 1964 follows:

	<u>1962</u>	<u>1963</u>	<u>1964</u>
Net capital at beginning of year ...	\$48,016,094	\$47,591,483	\$49,660,483
Additions to capital during the year:			
Insurance premiums (net)	18,159,278	22,327,000	27,500,000
Interest and other income	71,251	100,000	100,000
Prior year adjustments	<u>94,129</u>	<u>- -</u>	<u>- -</u>
Total capital available for insurance operations during year .	66,340,752	70,018,483	77,260,483
Deductions from capital during the year:			
Insurance indemnities	16,083,791	15,904,000	24,700,000
Loss adjustment and inspection costs	649,311	1,000,000	1,100,000
Administrative expenses charged to program operations	1,877,214	a/ 3,275,000	3,480,000
Provision for estimated bad debts	<u>138,953</u>	<u>179,000</u>	<u>220,000</u>
Total deductions from capital	<u>18,749,269</u>	<u>20,358,000</u>	<u>29,500,000</u>
Net capital at end of year	<u>47,591,483</u>	<u>49,660,483</u>	<u>47,760,483</u>

a/ Includes proposed supplemental increase of \$195,000 for pay costs in the amount of administrative expenses that may be paid from premium income.

The crop insurance programs are developed and analyzed in the Washington headquarters office and are administered in the field by 22 State or area offices. Sales and servicing of contracts at the county level is performed by private agents under contractual agreements with the Corporation, and by Federal Crop Insurance Corporation employees hired on a permanent, part-time or W.A.E. (when actually employed) basis. Detailed administrative and program accounting and statistical functions are performed by a Branch Office in Kansas City. As of November 30, 1962, the Corporation employed 540 full-time employees, 92 of whom were in Washington and the balance in the field, and 706 part-time or W.A.E. employees, all in the field.

	Estimated Available, 1963	Budget Estimates, 1964
Operating expenses:		
Appropriation	\$6,799,000	\$7,210,000
Payable from premium income	3,275,000	3,480,000
Total	<u>10,074,000</u>	<u>10,690,000</u>

Administrative and Operating Expenses

	<u>Appropriation</u>	<u>Administrative Expenses Payable from Premium Income</u>	<u>Total</u>
Appropriation Act, 1963	\$6,799,000	\$3,080,000	\$9,879,000
Proposed supplemental, 1963 for increased pay costs	- -	195,000	195,000
Base for 1964	6,799,000	3,275,000	10,074,000
Budget Estimate, 1964	7,210,000	3,480,000	10,690,000
Increase	+411,000	+205,000	+616,000

Note: The 1964 budget estimate includes \$3,480,000 for administrative and operating expenses of the Corporation payable from premium income and \$7,210,000 by annual appropriation. For clarity and completeness, the following project statement and justification covers the total estimate required for administrative and operating expenses of the Corporation.

SUMMARY OF INCREASES AND DECREASES, 1964

Increase in underwriting and actuarial analysis costs	2,000
Increase in contract sales and servicing costs	386,500
Increase in crop inspections and loss adjustment costs	56,500
Reduction to reflect estimated savings due to the installation of a centralized data processing operation (MODE) for personnel and payroll data .	-24,000
For pay act costs pursuant to Public Law 87-793	195,000
Net increase	<u>616,000</u>

PROJECT STATEMENT

Project	1962	1963 (estimated)	Increases	1964 (estimated)
			Pay Costs (P.L. 87-793)	Other
1. Underwriting and actuarial analysis	\$916,050	\$896,000	+\$21,000	- -
2. Contract sales and servicing	6,844,958	8,316,000	+148,500	+\$368,500
3. Crop inspection and loss adjustments	666,134	862,000	+25,500	+52,500
Subtotal	8,427,142	10,074,000	+195,000(2)	+421,000(1)
Deduct: Obligations payable from premium income	1,877,214	3,275,000	-195,000	-10,000
Total increased pay costs (P.L. 87-793)	- -	(213,000)	(+204,000)	(+10,000)
Total available or estimate	a/ 6,549,928	b/ 6,799,000	- -	+411,000
Transferred to "Operating Expenses, Public Buildings Service, General Services Administration"	11,072			
Total appropriation	6,561,000			

- a/ Represents obligations. Applied costs for 1962 are \$6,513,356. The difference of \$36,572 reflects, primarily, the excess of printing, other contractual services, and materials ordered and received over those used in 1962.
- b/ Includes \$1,700 estimated to be transferred to "Salaries and expenses, General Administration" during fiscal year 1963 for the Office of the Inspector General.

Basis for 1964 Estimate

The 1964 budget estimate is based on the continuation of the Corporation's policy of expanding the crop insurance program to as many counties as permitted by law. In 1963, 100 new counties were included in the program, and insurance was offered on additional crops in many old counties. In 1964, insurance is being offered in 100 new counties, the maximum permitted by law, and insurance on additional crops is being offered in 100 to 150 of the 1963 insurance counties.

The following table summarizes the planned level of crop insurance operations for crop year 1964 compared to 1962 and 1963:

<u>Item</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>
Number of counties	995	1,096	1,196
Number of county programs	1,967	2,371	2,671
Number of commodities insured	17	20	23
Number of crops insured	363,760	405,000	430,000
Insurance coverage (\$1,000)	\$370,000	\$452,000	\$477,000
Premiums (\$1,000)	\$22,327	\$27,500	\$29,000
Indemnities (\$1,000)	\$15,904	\$24,700	\$26,000
Loss ratio	.71	.90	.90

Premiums increased \$4,184,000 for the 1962 crop year over 1961, and it is estimated that premiums will increase by about \$5,100,000 for the 1963 crop year over 1962. The 1964 program will bring an estimated \$1,500,000 increase in premium income over the 1963 crop year. Program operations in the old and new counties will proceed in 1964 on a less intensive basis than in 1962 and 1963.

INCREASES AND DECREASES

(1) A net increase of \$421,000 consisting of:

(a) increase of \$2,000 for underwriting and actuarial analysis

Actuarial Workload: The actuarial work for fiscal year 1964 will be performed for 1,196 counties as compared to 1,096 for 1963, and insurance will be offered for 3 new commodities. In addition, insurance on additional commodities will be offered in about 150 counties where insurance was available in 1963. This together with the 150 programs in 100 new counties makes a total of 300 new county programs for 1964.

The following table shows the county programs offered in 1961 and 1962 as compared to the number planned for 1963 and 1964:

County Programs and Counties

<u>Commodity</u>	1961 Crop Year County <u>Programs</u>	1962 Crop Year County <u>Programs</u>	1963 Crop Year County <u>Programs</u>	1964 Crop Year County <u>Programs</u>
Apples	- -	- -	3	11
Barley	109	138	162	183
Beans	23	25	27	32
Cherries	- -	- -	2	10
Citrus	10	14	15	18
Combined Crop	38	26	26	26
Corn	272	337	374	410
Cotton	141	161	196	216
Flax	74	82	85	88
Grain Sorghum	3	27	63	87
Oats	24	86	165	185
Peaches	1	4	16	26
Peanuts	- -	4	33	53
Peas	- -	1	12	22
Potatoes	- -	1	6	16
Raisins	7	7	7	7
Rice	4	6	11	22
Soybeans	227	323	380	410
Tomatoes	- -	- -	5	15
Tobacco	172	191	205	226
Wheat	492	534	578	598
New Commodities	- -	- -	- -	10
Total County Programs	1,597	1,967	2,371	2,671
Counties offering insurance	896	996	1,096	1,196

The above expansion to new programs and commodities and the maintenance of existing programs requires that continuous studies be made to determine the additional commodities that can be included in a sound crop insurance program. A continuous review and refinement of programs currently in effect must be made to make and keep the programs responsive to the needs of farmers. New contracts and regulations for administering a sound program must be developed, and must provide for the different characteristics of each commodity. Coverages and rates for all commodities and counties must be developed to provide for the degree of risk and the improvements in farming technology and practices. Current plans provide for reworking the actuarial structure in approximately 20% of the counties each year; thereby leaving approximately 80% of them unchanged. This would amount to 220 counties for 1964. However, should the insurance experience for certain areas and crops indicate that adjustments are necessary, the rates and coverages must be revised more frequently to prevent impairment of the soundness of the program.

Statistical Yield and Production Data: The expansion of the crop insurance program to new counties, the addition of insurance protection on more commodities in old counties, and the offering of insurance on commodities not previously insured will require statistical data on a continuing basis. This

information is furnished by the Statistical Reporting Service of the Department on a reimbursable basis and includes county data for varieties of specific crops, special cropping practices including irrigated and non-irrigated production, and additional general information on crop conditions at planting time.

(b) An increase of \$386,500 for contract sales and servicing

Increase in Contract Workload for 1964: The expansion plans of the Corporation provide for increasing participation to 430,000 crops insured, an increase of 25,000 over the amount estimated for 1963. The workload of the crop insurance representatives at the county level will include selling approximately 104,000 crops, obtaining acreage data on 430,000 insured crops, collecting the premiums of approximately \$29,000,000 and handling loss data and contract changes. The following table indicates the crops insured for 1962 and estimated for 1963 and 1964.

Participation Summary of Crops Insured
1962, 1963, and 1964 Crop Years

Commodity	Actual 1962	Estimated 1963			Estimated 1964		
		Carryover	Sales	Total	Carryover	Sales	Total
Apples	- -	- -	500	500	400	600	1,000
Barley	19,253	16,000	5,000	21,000	18,000	4,000	22,000
Beans	4,928	4,000	1,500	5,500	4,500	1,500	6,000
Cherries	- -	- -	500	500	400	1,100	1,500
Citrus	852	700	300	1,000	900	600	1,500
Combined							
Crops	6,406	4,600	1,900	6,500	4,500	2,000	6,500
Corn	59,869	47,000	17,000	64,000	51,000	15,000	66,000
Cotton	21,309	14,000	11,000	25,000	17,000	10,000	27,000
Flax	19,268	17,000	2,500	19,500	17,000	3,000	20,000
Grain							
Sorghum	751	500	1,000	1,500	1,000	1,000	2,000
Oats	11,916	10,000	7,000	17,000	14,000	5,000	19,000
Peaches	359	200	800	1,000	800	700	1,500
Peanuts	1,649	1,500	7,500	9,000	8,100	2,900	11,000
Peas	148	100	900	1,000	900	600	1,500
Potatoes	334	300	700	1,000	900	600	1,500
Raisins	1,900	1,800	200	2,000	1,800	200	2,000
Rice	90	- -	1,000	1,000	900	600	1,500
Soybeans	38,634	31,000	12,000	43,000	35,000	10,000	45,000
Tobacco	75,774	56,000	24,000	80,000	60,000	23,000	83,000
Tomatoes	- -	- -	1,000	1,000	900	1,100	2,000
Wheat	100,320	83,300	20,700	104,000	88,000	19,000	107,000
New Commod- ities	- -	- -	- -	- -	- -	1,500	1,500
Total	<u>363,760</u>	<u>288,000</u>	<u>117,000</u>	<u>405,000</u>	<u>326,000</u>	<u>104,000</u>	<u>430,000</u>

This activity includes \$1,062 for mandatory payments to the Employees Compensation Fund.

Need for Additional Fieldmen: Expansion of the program to additional counties and county programs requires additional agents and salesmen to contact the farmers in new and old counties, and to sell and service the planned increase in business for 1964. The success of this expansion and the continued effective operation of the Crop Insurance Program at the county level rest primarily on our field representatives. They are the Corporation's personal contact with the farmers, farm and community leaders, business firms, and credit agencies. As the program is extended and expanded, additional fieldmen must be recruited and trained. The Crop Insurance Program must be sold, and these representatives must sell it. To do so, they must know the Crop Insurance Program; how the rates and areas are determined; how the losses are adjusted; how data are collected and reported; how policies protect and benefit the farmers; and how Crop Insurance can be sold to create farmer confidence in the program and good public relations for the Corporation. These qualifications are peculiar to the Crop Insurance Program, and thus, require an intensive training program for all new employees, and frequent training sessions for all field representatives as new commodities and new counties are added to the program.

To strengthen and support the sales promotion work, educational and public relations activities also will be increased. This will require greater use of sales promotional material such as radio scripts, television scripts, newspaper articles, letters, press releases, magazine articles, film strips, photographs, and advertisements. Field personnel will be trained also in the effective planning and use of these various sales promotion materials.

Methods of Selling Crop Insurance: The Corporation uses several methods of selling and servicing Crop Insurance in the counties. In approximately 250 counties, the Corporation contracts with agents to perform all the duties of selling and servicing the Crop Insurance Program, including the maintenance of an office as a contact point for policyholders and others interested in obtaining information about crop insurance. For this service the agents receive payment based on the number of contracts in force and the amount of premium earned and collected.

In the remaining counties, the program is sold and serviced through agreements with individuals who contract with the Corporation to maintain county offices and handle the paper work incidental to the administration of the program, for a fixed monthly charge, or through offices staffed by Corporation employees. The direct contact work of selling and servicing the program in the field is done by WAE (when actually employed) Corporation employees.

The following tables reflect the estimated level of operations in fiscal years 1963 and 1964.

	Estimated for 1963	Estimated for 1964
<u>Activity</u>		
Agent counties	\$1,821,150	\$1,841,083
Other counties	<u>2,937,488</u>	<u>3,134,776</u>
Total county cost	4,758,638	4,975,859
Sales Management and promotion	350,797	348,706
Headquarters, Branch, State, and Area Directors' Offices	<u>3,064,565</u>	<u>3,209,435</u>
Total	8,174,000	8,534,000
Pay increase cost (P.L. 87-793)	<u>142,000</u>	<u>299,000</u>
Total	<u>8,316,000</u>	<u>8,833,000</u>
<u>Number of counties</u>		
Agent counties	287	250
Other	<u>809</u>	<u>946</u>
Total	<u>1,096</u>	<u>1,196</u>
<u>Estimated premium</u>		
Agent counties	\$12,730,000	\$13,359,000
Other	<u>14,770,000</u>	<u>15,641,000</u>
Total	<u>27,500,000</u>	<u>29,000,000</u>

(c) An increase of \$56,500 for crop inspection and loss adjustments

Loss Adjustment Workload Increased for 1964: The loss adjustment workload for fiscal year 1964 is based on the adjustments and inspections that will be necessary because of the losses that will occur on the 405,000 crops insured for the 1963 crop year. The estimated cost of handling the losses in the State, Branch, and Headquarters Offices is based on the average number of losses and inspections over the past several years. However, the actual workload of claims and losses paid will depend on the growing conditions during the crop year, as well as the number of farmers insured.

Losses are adjusted in the field by local adjusters who are employed as needed and work under the supervision of State Office personnel. They prepare the loss claims and transmit them to the State Offices for review and approval. The claims are then forwarded to the Branch Office for payment. The direct cost of inspections and adjusting losses in the counties by Corporation employees is paid from Capital Funds, and is estimated at \$1,100,000 for 1964.

(d) A decrease of \$24,000 to reflect estimated savings due to the installation of a centralized data processing operation (MODE) for payroll and personnel data. (An explanation of this reduction is included in the Preface to these Explanatory Notes in Volume 1.) This reduction is distributed among activities as follows:

Underwriting and actuarial analysis	\$2,000
Contract sales and servicing	18,000
Crop inspection and loss adjustments	<u>4,000</u>
Total decrease	<u>24,000</u>

(2) An increase of \$195,000 for pay costs pursuant to P.L. 87-793. (An overall explanation of increases for pay act costs is included in the Preface to these Explanatory Notes in Volume 1.)



STATUS OF PROGRAM

The Federal Crop Insurance Corporation is a wholly-owned Government Corporation which provides all-risk crop insurance protection against unavoidable causes of loss. Since 1948, the program has been operating in selected counties on a limited basis. The objective is the development of a sound program that can be operated on a national basis. Expansion of the program has been limited. However, beginning with crop year 1962, expansion of the program has been at a more rapid rate to provide more farmers with the protection provided under the all-risk crop insurance program.

Summary of Experience 1948 - 1961: During this 14 year period premiums of \$262.5 million exceeded indemnities of \$246.6 million by \$15.9 million. Premiums exceeded indemnities in 8 of the 14 years since the program was placed on an experimental basis in 1948. The number of counties in which crop insurance is offered has increased from 375 in 1948, to 896 in 1961; and the crops insured from 169,125 to 320,056.

Wheat continues to predominate the Corporation's cumulative experience. Of the total premiums of \$262.5 million, \$144.2 million or 55% was derived from the wheat program. Wheat indemnities were \$133.6 million or 54% of the total. The loss ratio for wheat for the period is .93 compared to .94 for all commodities.

The following tables summarize the experience for the period 1948 to 1961 by crops and years.

Summary of Experience
by Crops
1948 - 1961 inclusive
(Dollars in thousands)

<u>Crop</u>	<u>Premiums</u>	<u>Indemnities</u>	<u>Loss Ratio</u>
Wheat	\$144,153	\$133,559	.93
Combined Crops	27,925	34,989	1.25
Tobacco	24,382	14,144	.59
Cotton	21,985	21,217	.97
Corn	25,337	27,119	1.07
Flax	9,271	7,534	.81
Beans	1,938	2,031	1.05
Soybeans	2,699	1,340	.50
Citrus	1,761	2,124	1.21
Barley	2,256	2,084	.92
Peaches	211	166	.79
Oats	260	255	.98
Grain Sorghum	9	3	.34
Rice	25	19	.77
Raisins	284	2	.01
Total	<u>262,496</u>	<u>246,586</u>	<u>.94</u>

Summary of Experience
by Years
1948 - 1961 inclusive
(Dollars in thousands)

<u>Year</u>	<u>Premiums</u>	<u>Indemnities</u>	Excess of Premiums over <u>Indemnities a/</u>	Cumulative Excess of Premiums over <u>Indemnities a/</u>
1948	\$12,684	\$6,780	\$5,904	\$5,904
1949	11,732	15,531	-3,798	2,106
1950	14,104	12,799	1,305	3,411
1951	19,111	21,338	-2,228	1,183
1952	21,201	20,609	592	1,775
1953	27,098	31,056	-3,959	-2,184
1954	22,655	28,031	-5,376	-7,560
1955	22,330	25,505	-3,175	-10,735
1956	22,139	27,890	-5,751	-16,486
1957	17,407	12,004	5,403	-11,082
1958	17,617	4,505	13,112	2,030
1959	18,462	14,138	4,324	6,354
1960	17,797	10,316	7,481	13,835
1961	<u>18,159</u>	<u>16,084</u>	<u>2,075</u>	15,910
Total	<u>262,496</u>	<u>246,586</u>	<u>15,910</u>	

a/ Excess of indemnities over premiums indicated by (-) minus sign.

Operating Experience 1961: For the fifth consecutive year premiums exceeded indemnities. 1961 crop year premiums of \$18.2 million exceeded indemnities of \$16.1 million by \$2.1 million for a loss ratio of .89. The loss ratios for 1958, 1959, and 1960 were .26, .77, and .58. Premiums exceeded indemnities for 7 of the 14 commodities insured for the 1961 crop year.

In 1961, 890 counties participated in the program. The following table indicates the distribution of county participation by commodity and state.

NUMBER OF 1961 CROP INSURANCE PROGRAMS AND COUNTIES

State	Raisins	Wheat	Tobacco	Cotton	Corn	Comb. Crop	Flax	Beans	Barley	Soybeans	Oats	Rice	Gr. Sorghum	Citrus	Peaches	Total Pro. Cos.
Alabama	7	5		15						4		3				15
Arkansas		14		9					5					1*		16
California				1	3			5	3							19
Colorado			1													16
Connecticut			5											6		1
Florida			15	5				6	14							11
Georgia		19														20
Idaho		30														15
Illinois		30			34					33						39
Indiana					30	10				30						97
Iowa					50					49	5		1			30
Kansas		77			9					3						50
Kentucky		1	45	9		1			2			1				90
Louisiana		2	3		2											77
Maryland			1													46
Massachusetts																11
Michigan		19			11			7	18	5	2					9
Minnesota		17		22	33	7	33			36	8					1
Mississippi		31			33				6	3						44
Missouri		19								28						19
Montana		36			15	1		3		1						56
Nebraska																3
New Mexico		5	39	3					23		6					3
North Carolina		52		15		9	30			27						59
North Dakota		32	3		30								1			120
Ohio		27		3												92
Oklahoma		11							10							31
Oregon		3	2		3				3							21
Pennsylvania		1	11	17						2					1	11
South Carolina		27			7	9	11		11	3	2					32
South Dakota		2	29	13	1	1				3						70
Tennessee		14		29									1			49
Texas		2	16											3		47
Utah		13			11			1	13		1					2
Virginia																16
Washington																27
Wisconsin		3	2					1	1							13
Wyoming																15
TOTAL	7	492	172	141	272	38	74	23	109	227	24	4	3	10	1	1,597
																890

*Orange program in California

Crop insurance was offered in 38 states in 1961. In all but 10 of these states premiums exceeded indemnities. The following table shows the 1961 crop year experience by states.

SUMMARY OF 1961 CROP YEAR EXPERIENCE BY STATE

<u>State</u>	<u>No. of Insured Crops</u>	<u>Insured Coverage (Thousands)</u>	<u>Premiums (Thousands)</u>	<u>Indemnities (Thousands)</u>	<u>Excess of Premiums over Indemnities a/ (Thousands)</u>
Alabama	1,694	1,588	90	242	-152
Arkansas	442	797	55	71	-16
California	1,915	12,320	528	638	-110
Colorado	7,771	5,208	788	143	645
Connecticut	241	207	10	9	1
Florida	885	3,633	246	421	-175
Georgia	1,293	1,832	113	16	97
Idaho	5,113	4,167	222	170	52
Illinois	8,925	4,026	277	176	101
Indiana	7,846	2,785	151	24	127
Iowa	18,574	17,289	1,021	171	850
Kansas	19,585	14,578	1,862	392	1,470
Kentucky	19,172	7,889	328	140	188
Louisiana	303	551	32	63	-31
Maryland	1,267	938	47	11	36
Massachusetts	86	47	2	8	-6
Michigan	4,968	1,419	77	32	45
Minnesota	51,001	30,379	1,821	792	1,029
Mississippi	926	2,582	133	103	30
Missouri	11,312	2,494	248	125	123
Montana	5,155	14,577	1,123	2,366	-1,243
Nebraska	8,951	7,648	770	137	633
New Mexico	339	612	30	16	14
North Carolina	21,331	30,545	941	319	622
North Dakota	30,408	31,851	2,619	6,813	-4,194
Ohio	14,693	5,443	266	50	216
Oklahoma	6,181	4,901	576	90	486
Oregon	2,769	5,686	180	98	82
Pennsylvania	2,585	1,548	50	7	43
South Carolina	3,512	4,708	221	158	63
South Dakota	14,533	9,367	1,163	474	689
Tennessee	17,054	4,447	256	72	184
Texas	8,051	10,239	872	1,200	-328
Utah	223	532	39	206	-167
Virginia	9,130	9,491	300	64	236
Washington	2,163	8,826	291	76	215
Wisconsin	8,929	5,555	340	154	186
Wyoming	730	642	71	37	34
Total	<u>320,056</u>	<u>271,347</u>	<u>18,159</u>	<u>16,084</u>	<u>2,075</u>

a/ Excess of indemnities over premiums indicated by (-) minus sign.

Program Plans: The Corporation will continue to make a major effort during the next several years to expand the crop insurance program benefits to as many farmers as possible. Expansion of the program will be accomplished mainly by the following means:

1. Addition of new counties. For crop year 1962, 100 new counties were added to the program. 100 new counties will be added for 1963 and it is planned to add 100 more for 1964.
2. Expansion of the program to additional commodities. The Federal Crop Insurance Act permits the offering of insurance on 3 additional commodities each year.

In 1962, new programs were developed and insurance was offered on peanuts in 4 counties, and on peas and potatoes in 1 county each. The following table reflects the experience by crops for these commodities:

	<u>Number of Crops Insured</u>	<u>Premiums (Estimated)</u>	<u>Indemnities (Estimated)</u>
Peanuts	1,649	\$204,000	\$25,000
Peas	148	103,000	317,000
Potatoes	334	120,000	150,000

Definite plans have been made to offer insurance on apples, cherries, and canning tomatoes in several counties for crop year 1963.

3. Insurance protection is being expanded in old counties by offering insurance on additional commodities. For crop year 1963 approximately 230 new county programs will be allocated in about 200 old counties. For crop year 1964 approximately 150 new programs will be added in old counties.
4. Many improvements in the contract provisions, insurance coverages, and premium rates have been made to make the program more responsive to the farmers needs. Major attention during the next several years will be concentrated on capitalizing on these changes through significant increases in business each year.

A continuous review of programs currently in effect will be made to ascertain that rates and coverages are maintained at a level in proportion to the risk.

Program Operating Statistics: The following tables show statistical data by commodities for the past five years. The 1962 crop year data are estimated.

B A R L E Y

<u>Item</u>	<u>C r o p Y e a r</u>				
	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>
Number of states	9	12	12	12	12
Number of counties	29	84	99	109	138
Number of crops insured	4,216	9,334	13,841	14,296	19,253
Insurance coverage (\$1,000)	\$3,861	\$6,264	\$5,823	\$6,263	\$9,975
Number of indemnities	486	2,101	919	2,778	2,212
Premiums (\$1,000)	\$311	\$527	\$513	\$612	\$930
Indemnities (\$1,000)	\$121	\$567	\$356	\$934	\$735
Excess of premiums over indemnities (\$1,000) <u>a/</u>	\$190	-\$40	\$157	-\$322	\$195
Loss ratio .....	.39	1.08	.69	1.53	.79

B E A N S

<u>Item</u>	<u>C r o p Y e a r</u>				
	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>
Number of states	6	6	6	6	6
Number of counties	18	20	22	23	25
Number of crops insured	3,750	3,749	5,280	4,705	4,928
Insurance coverage (\$1,000)	\$2,251	\$2,589	\$2,418	\$2,390	\$2,579
Number of indemnities	186	373	285	238	809
Premiums (\$1,000)	\$130	\$113	\$136	\$163	\$187
Indemnities (\$1,000)	\$42	\$103	\$80	\$89	\$368
Excess of premiums over indemnities (\$1,000) <u>a/</u>	\$88	\$10	\$55	\$74	-\$181
Loss ratio .....	.32	.91	.59	.54	1.97

C I T R U S

<u>Item</u>	<u>C r o p Y e a r</u>				
	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>
Number of states	2	2	2	3	3
Number of counties	4	5	6	10	14
Number of crops insured	602	639	565	593	852
Insurance coverage (\$1,000)	\$3,416	\$4,011	\$3,705	\$4,118	\$8,034
Number of indemnities	65	125	981	626	124
Premiums (\$1,000)	\$265	\$313	\$288	\$294	\$680
Indemnities (\$1,000)	\$39	\$76	\$608	\$683	\$69
Excess of premiums over indemnities (\$1,000) <u>a/</u>	\$226	\$237	-\$320	-\$309	\$611
Loss ratio .....	.15	.24	2.11	2.32	.10

C O M B I N E D C R O P

C r o p Y e a r

<u>Item</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>
Number of states	20	15	13	7	7
Number of counties	100	61	49	38	26
Number of crops insured	55,010	26,424	10,050	8,478	6,406
Insurance coverage (\$1,000)	\$31,646	\$22,319	\$16,607	\$14,481	\$13,206
Number of indemnities	3,166	4,533	502	1,519	1,095
Premiums (\$1,000)	\$2,054	\$1,288	\$867	\$849	\$643
Indemnities (\$1,000)	\$748	\$2,189	\$234	\$1,048	\$425
Excess of premiums over indemnities (\$1,000) <u>a/</u>	\$1,306	-\$901	\$633	-\$199	\$218
Loss ratio .....	.36	1.70	.27	1.23	.66

C O R N

C r o p Y e a r

<u>Item</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>
Number of states	14	16	15	15	15
Number of counties	207	259	265	272	337
Number of crops insured	40,012	52,267	52,079	50,872	59,869
Insurance coverage (\$1,000)	\$32,069	\$53,406	\$56,212	\$44,824	\$59,036
Number of indemnities	3,616	7,503	10,359	2,215	11,682
Premiums (\$1,000)	\$2,068	\$3,416	\$3,575	\$2,758	\$3,692
Indemnities (\$1,000)	\$1,165	\$2,967	\$5,195	\$645	\$4,371
Excess of premiums over indemnities (\$1,000) <u>a/</u>	\$903	\$449	-\$1,620	\$2,113	-\$679
Loss ratio .....	.56	.87	1.45	.23	1.18

C O T T O N

C r o p Y e a r

<u>Item</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>
Number of states	12	12	12	12	12
Number of counties	118	133	142	141	161
Number of crops insured	20,410	19,910	15,628	15,375	21,309
Insurance coverage (\$1,000)	\$12,592	\$17,686	\$16,513	\$17,578	\$32,004
Number of indemnities	1,142	2,102	2,816	5,495	6,915
Premiums (\$1,000)	\$753	\$1,288	\$1,191	\$1,286	\$2,270
Indemnities (\$1,000)	\$187	\$574	\$615	\$1,769	\$2,202
Excess of premiums over indemnities (\$1,000) <u>a/</u>	\$566	\$714	\$577	-\$484	\$68
Loss ratio .....	.25	.45	.52	1.38	.97

F L A X

<u>Item</u>	<u>C r o p Y e a r</u>				
	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>
Number of states	3	3	3	3	3
Number of counties	55	71	73	74	82
Number of crops insured	16,543	19,066	18,919	17,647	19,268
Insurance coverage (\$1,000)	\$3,557	\$3,914	\$3,925	\$3,434	\$5,102
Number of indemnities	958	3,459	1,197	2,297	1,771
Premiums (\$1,000)	\$410	\$451	\$452	\$440	\$553
Indemnities (\$1,000)	\$185	\$740	\$211	\$560	\$461
Excess of premiums over indemnities (\$1,000) <u>a/</u>	\$225	-\$289	\$241	-\$120	\$92
Loss ratio .....	.45	1.64	.47	1.27	.83

G R A I N S O R G H U M

<u>Item</u>	<u>C r o p Y e a r</u>				
	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>
Number of states	(No program until 1959)	3	3	3	3
Number of counties		3	3	3	27
Number of crops insured		110	90	77	751
Insurance coverage (\$1,000)		\$54	\$96	\$15	\$864
Number of indemnities		7	2	4	122
Premiums (\$1,000)		\$5	\$3	\$1	\$88
Indemnities (\$1,000)		\$1	\$1	\$1	\$52
Excess of premiums over indemnities (\$1,000) <u>a/</u>		\$4	\$2	- -	\$36
Loss ratio .....		.27	.26	.70	.59

O A T S

<u>Item</u>	<u>C r o p Y e a r</u>				
	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>
Number of states	(No program until 1959)	8	7	6	6
Number of counties		27	25	24	86
Number of crops insured		4,401	5,074	4,908	11,916
Insurance coverage (\$1,000)		\$1,235	\$1,268	\$1,214	\$2,383
Number of indemnities		577	378	716	813
Premiums (\$1,000)		\$81	\$83	\$96	\$254
Indemnities (\$1,000)		\$80	\$54	\$121	\$118
Excess of premiums over indemnities (\$1,000) <u>a/</u>		\$1	\$29	-\$25	\$136
Loss ratio .....		.99	.65	1.26	.47

P E A C H E S

<u>Item</u>	<u>C r o p Y e a r</u>				
	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>
Number of states	1	1	1	1	1
Number of counties	1	1	1	1	4
Number of crops insured	97	87	113	46	359
Insurance coverage (\$1,000)	\$317	\$318	\$343	\$117	\$1,669
Number of indemnities	45	53	60	25	124
Premiums (\$1,000)	\$49	\$48	\$52	\$24	\$326
Indemnities (\$1,000)	\$37	\$55	\$40	\$15	\$589
Excess of premiums over indemnities (\$1,000) <u>a/</u>	\$12	-\$7	\$12	\$9	-\$263
Loss ratio .....	.77	1.13	.76	.63	1.80

P E A N U T S

<u>Item</u>	<u>C r o p Y e a r</u>				
	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>
Number of states	(No program until 1962)				2
Number of counties					4
Number of crops insured					1,649
Insurance coverage (\$1,000)					\$3,527
Number of indemnities					265
Premiums (\$1,000)					\$204
Indemnities (\$1,000)					\$25
Excess of premiums over indemnities (\$1,000) <u>a/</u>					\$179
Loss ratio .....					.12

P E A S

<u>Item</u>	<u>C r o p Y e a r</u>				
	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>
Number of states	(No program until 1962)				1
Number of counties					1
Number of crops insured					148
Insurance coverage (\$1,000)					\$2,491
Number of indemnities					102
Premiums (\$1,000)					\$103
Indemnities (\$1,000)					\$317
Excess of premiums over indemnities (\$1,000) <u>a/</u>					-\$214
Loss ratio					3.08

P O T A T O E S

<u>Item</u>	<u>C r o p Y e a r</u>				
	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>
Number of states	(No program until 1962)				1
Number of counties					1
Number of crops insured					334
Insurance coverage (\$1,000)					\$3,000
Number of indemnities					101
Premiums (\$1,000)					\$120
Indemnities (\$1,000)					\$150
Excess of premiums over indemnities (\$1,000) <u>a/</u>					-\$30
Loss ratio					1.25

R A I S I N S

<u>Item</u>	<u>C r o p Y e a r</u>				
	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>
Number of states	(No program until 1961)			1	1
Number of counties				7	7
Number of crops insured				1,467	1,900
Insurance coverage (\$1,000)				\$10,280	\$14,874
Number of indemnities				2	- -
Premiums (\$1,000)				\$284	\$300
Indemnities (\$1,000)				\$2	- -
Excess of premiums over indemnities (\$1,000) <u>a/</u>				\$282	\$300
Loss ratio .....				.01	- -

R I C E

<u>Item</u>	<u>C r o p Y e a r</u>				
	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>
Number of states	(No program until 1960)		2	2	2
Number of counties			5	4	6
Number of crops insured			189	65	90
Insurance coverage (\$1,000)			\$313	\$243	\$196
Number of indemnities			3	8	4
Premiums (\$1,000)			\$15	\$11	\$18
Indemnities (\$1,000)			\$8	\$11	\$11
Excess of premiums over indemnities (\$1,000) <u>a/</u>			\$6	- -	\$7
Loss ratio .....			.58	1.03	.59

S O Y B E A N SC r o p Y e a r

<u>Item</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>
Number of states	9	14	14	14	14
Number of counties	136	204	214	227	323
Number of crops insured	14,640	26,764	28,947	30,683	38,634
Insurance coverage (\$1,000)	\$7,565	\$8,799	\$10,140	\$12,345	\$19,802
Number of indemnities	902	1,517	1,479	1,363	2,642
Premiums (\$1,000)	\$500	\$602	\$671	\$803	\$1,219
Indemnities (\$1,000)	\$181	\$265	\$376	\$432	\$674
Excess of premiums over indemnities (\$1,000) <u>a/</u>	\$319	\$337	\$295	\$371	\$545
Loss ratio .....	.36	.44	.56	.54	.55

T O B A C C OC r o p Y e a r

<u>Item</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>
Number of states	13	13	13	13	13
Number of counties	151	160	166	172	191
Number of crops insured	69,157	72,385	73,224	70,651	75,774
Insurance coverage (\$1,000)	\$47,948	\$54,241	\$58,209	\$60,758	\$97,131
Number of indemnities	2,348	3,820	4,852	2,484	5,247
Premiums (\$1,000)	\$1,650	\$1,699	\$2,027	\$2,115	\$3,282
Indemnities (\$1,000)	\$310	\$645	\$711	\$613	\$2,538
Excess of premiums over indemnities (\$1,000) <u>a/</u>	\$1,340	\$1,054	\$1,316	\$1,502	\$744
Loss ratio .....	.19	.38	.35	.29	.77

W H E A TC r o p Y e a r

<u>Item</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>
Number of states	23	24	26	26	26
Number of counties	394	460	480	492	534
Number of crops insured	99,998	104,327	106,449	100,193	100,320
Insurance coverage (\$1,000)	\$97,490	\$95,992	\$90,357	\$93,287	\$94,127
Number of indemnities	3,897	18,830	5,465	17,011	6,692
Premiums (\$1,000)	\$9,427	\$8,631	\$7,924	\$8,423	\$7,458
Indemnities (\$1,000)	\$1,490	\$5,876	\$1,828	\$9,161	\$2,799
Excess of premiums over indemnities (\$1,000) <u>a/</u>	\$7,937	\$2,755	\$6,096	-\$738	\$4,659
Loss ratio .....	.16	.68	.23	1.09	.37

S U M M A R Y

<u>Item</u>	<u>C r o p Y e a r</u>				
	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>
Number of states	38	38	38	38	38
Number of county programs	1,213	1,488	1,550	1,597	1,967
Number of crops insured	324,435	339,463	330,448	320,056	363,760
Insurance coverage (\$1,000)	\$242,712	\$270,828	\$265,929	\$271,347	\$370,000
Number of indemnities	16,811	45,000	29,298	36,781	40,676
Premiums (\$1,000)	\$17,617	\$18,462	\$17,796	\$18,159	\$22,327
Indemnities (\$1,000)	\$4,505	\$14,138	\$10,316	\$16,084	\$15,904
Excess of premiums over indemnities (\$1,000) <u>a/</u>	\$13,112	\$4,324	\$7,481	\$2,075	\$6,423
Loss ratio .....	.26	.77	.58	.89	.71

a/ Excess of indemnities over premiums indicated by (-) minus sign.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1962, were actually received or programmed for 1963 or 1964. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	: :Obligations, : 1962	: Estimated :Obligations, : 1963	: Estimated :Obligations, : 1964
Obligations under Reimbursements	:	:	:
from Governmental and Other	:	:	:
Sources:	:	:	:
Administrative and operating	:	:	:
expenses	: \$1,960	: \$1,000	: - -

COMMODITY CREDIT CORPORATION

Purpose Statement

Purpose - The Commodity Credit Corporation engages in buying, selling, lending, and other activities with respect to agricultural commodities, their products, food, feeds and fibers, for the purpose of stabilizing, supporting, and protecting farm income and prices; assisting in the maintenance of balanced and adequate supplies of such commodities; and facilitating their orderly distribution. The Corporation also makes available materials and facilities required in connection with the production and marketing of such commodities.

Origin - The Corporation was organized October 17, 1933, under the laws of the State of Delaware, as an agency of the United States, and was managed and operated in close affiliation with the Reconstruction Finance Corporation. On July 1, 1939, it was transferred to the Department of Agriculture by the President's Reorganization Plan I. On July 1, 1948, it was established as an agency and instrumentality of the United States under a permanent Federal charter by Public Law 80-806, as amended. Its operations are conducted pursuant to this charter and other specific legislation.

Management - The Corporation is managed by a board of directors, appointed by the President and confirmed by the Senate, subject to the general supervision and direction of the Secretary of Agriculture, who is, ex officio, a director and chairman of the board. In addition, it has a bipartisan advisory board of five members appointed by the President to survey the general policies of the Corporation and advise the Secretary with respect thereto.

Personnel and facilities of the Agricultural Stabilization and Conservation Service, ASCS State and county committees, and other USDA agencies are used to carry out Corporation activities. The services and fleet facilities of the Maritime Administration are used in some of its commodity storage operations, and the facilities of the General Services Administration are used in its activities relating to barter of agricultural commodities for strategic materials. Normal trade facilities are used to the maximum extent practicable. Cooperatives, local banks, and other financial institutions handle phases of its loan operations. Loan collateral and stocks acquired by the Corporation are stored in many commercial facilities.

Operations - The budget is based on the price support and related programs and special activities.

Price-support and related programs - Price-support operations are carried out under the Corporation's charter powers (15 U.S.C. 714) and in conformity with the Agricultural Act of 1949, as amended, (7 U.S.C. 1421), section 125 of the Agricultural Act of 1956 (7 U.S.C. 1813), and other applicable legislation, including the Food and Agriculture Act of 1962.

Under the Agricultural Act of 1949, as amended, price support is mandatory for the basic commodities--corn, cotton, wheat, rice, peanuts, and tobacco--

and specific nonbasic commodities, namely, tung nuts, honey, milk, butterfat, and the products of milk and butterfat, barley, oats, rye, and grain sorghums. Price support for wool and mohair is mandatory under the National Wool Act of 1954, as amended (7 U.S.C. 1781-1787), through the marketing year ending March 31, 1966. Price support for other nonbasic agricultural commodities is discretionary except that whenever the price of either cottonseed or soybeans is supported, the price of the other must be supported at such level as the Secretary determines will cause them to compete on equal terms on the market. This program may also include operations to remove and dispose of or aid in the removal or disposition of surplus agricultural commodities for the purpose of stabilizing prices at levels not in excess of permissible price-support levels.

Support is made available through loans, payments, purchase agreements, purchases, and other operations. Operations to remove and dispose of or aid in the removal or disposition of surplus agricultural commodities for the purpose of stabilizing prices at levels not in excess of permissible price support levels are also authorized. Dispositions of commodities acquired are made in compliance with various statutory authorities and limitations. Under section 308 of the Agricultural Trade Development and Assistance Act of 1954, as amended such purchases of animal fats and edible oils and products thereof are authorized as will tend to maintain the support level for cottonseed and soybeans without requiring the acquisition of such commodities under the usual loan and purchase operations of the price support program. Under sec. 416 of the Agricultural Act of 1949, as amended, private stocks may also be made available for donation in order to prevent waste. The incentive payment program on wool and mohair is described under Special Activities.

Commodity export - The Corporation promotes the export of agricultural commodities and products through sales, barters, payments and other operations. Other than in barters for stockpiling purposes, such commodities and products may be those held in private trade channels as well as those acquired by the Corporation in its price-support operations.

In order to encourage movement of cotton, corn, barley, grain sorghums, oats, rye, and rice from free-market supplies into export channels, export payments are made in the form of these commodities from the Corporation's stocks, or in some cases, in cash. Cotton held in the Corporation's inventory is also sold for unrestricted use on a competitive price basis.

The Corporation conducts a cotton products export program designed to protect the competitive position of the domestic cotton industry in relation to sales of cotton products manufactured abroad from American cotton purchases at export prices. Equalization payments, based on the raw cotton content in the products exported, are made to exporters on cotton products of upland cotton grown and wholly processed in the United States.

The Corporation also purchases wheat and other products from processors or processes its own stocks of such commodities for foreign and domestic distribution. In certain cases, payment for such products or processing costs is made in payment-in-kind export certificates.

also, the Corporation furnishes agricultural commodities and products for distribution or exhibition at international trade fairs to aid in the development of foreign markets for such commodities.

Storage facilities - This program is carried out under the authority contained in the Corporation's charter, particularly sections 4(h), 4(m), and 5(a) and (b). The Corporation may (a) purchase and maintain (in storage-deficient areas) granaries and equipment for care and storage of grain owned or controlled by the Corporation; (b) make loans for the construction or expansion of farm-storage facilities; (c) provide storage-use guarantees to encourage the construction of commercial storage facilities; and (d) undertake other operations necessary to provide storage adequate to carry out the Corporation's programs.

Supply and foreign purchase - This program is carried out under the authority contained in the Corporation's charter, particularly sections 5(b) and (c) thereof. The Corporation procures foods, agricultural commodities, their products, and related materials to supply the requirements of Government agencies, foreign governments, and relief and rehabilitation agencies, and to meet domestic requirements. Foods, agricultural commodities and their products are procured or aid is given in their procurement to facilitate distribution or to meet anticipated requirements during periods of short supply. The Corporation may also, through purchases, loans, sales or other means, make available materials and facilities required in connection with the production and marketing of agricultural commodities.

Special feed grain program - Pursuant to the Agricultural Act of 1961, Public Law 87-128, and the Food and Agriculture Act of 1962, Public Law 87-703, the Secretary of Agriculture utilizes Commodity Credit Corporation funds, facilities, and stocks of feed grains in redeeming or marketing certificates issued to producers who divert acreage from the production of 1962 and 1963 crops of corn, grain sorghums, and barley under this program. The Corporation is also authorized to use its funds to pay administrative expenses necessary to carry out this program through June 30, 1963. (See Agricultural Stabilization and Conservation Service.)

Wheat stabilization program - Under the Agricultural Act of 1961, P.L. 87-128, and the Food and Agriculture Act of 1962, Public Law 87-703, the Commodity Credit Corporation is authorized to utilize its funds for the purpose of making payments to producers who divert acreage from the production of 1962 and 1963-crop wheat under this program. Payments are made by issuance of Commodity Credit Corporation sight drafts which may be cashed or used for the acquisition of wheat from Commodity Credit Corporation stocks. The Corporation is also authorized to use its funds to pay administrative expenses necessary to carry out this program through June 30, 1963. (See Agricultural Stabilization and Conservation Service.)

Special Activities - These activities are carried out under authority of section 5(g) of the Corporation's charter and specific statutory authorizations or directives with respect thereto which are currently in effect or which may subsequently be enacted. To the extent that advance appropriations provided under Foreign Assistance Programs are not sufficient to pay obligations incurred with respect to such programs, such obligations are paid by the Corporation subject to reimbursement from subsequent appropriations authorized for such purpose. Details of these programs may be found in the Foreign Assistance Programs section of these Explanatory Notes or in the budgets of other agencies which request appropriations to reimburse the Corporation.

Undistributed expenses. - There are a number of expenses which are not allocated to a specific program. These include administrative expenses applicable to the limitation, and nonadministrative expenses such as interest on the capital stock of the Corporation and on borrowings from the Treasury, administrative equipment, expenses of the ASCS county committees, Federal Reserve Banks and other agencies in connection with the Corporation's programs. Such expenses are partly offset by income from interest on loans and on special programs financed by Commodity Credit Corporation and other miscellaneous income.

Administrative expenses are for the operating staff, including the services of employees of the Agricultural Stabilization and Conservation Service engaged in the Corporation's activities, services performed by other agencies of the Department, costs of audit, and payments to the General Services Administration for space in the District of Columbia and rent of field office space. Each year the annual appropriation act contains a limitation on the amount of funds which may be expended for administrative expenses of the Corporation. Necessary expenses (including legal and special services performed on a contract or fee basis, but not including other personal services) in connection with the acquisition, operation, maintenance, improvement or disposition of any real or personal property belonging to the Corporation or in which it has an interest, including expenses in collection of pledged collateral, are considered nonadministrative or program expenses for the purposes of this limitation. Such expenses include inspection, classing, and grading work performed on a fee basis by Federal employees or Federal- or State-licensed inspectors and work performed on a contract basis by agricultural stabilization and conservation county committees. Similarly, expenses of other Federal agencies whose services are utilized in the handling of Commodity Credit Corporation property are treated as program expenses. These include the fleet storage operation of the Maritime Administration conducted intermittently since 1949 and the services of the General Services Administration in connection with the strategic, critical, and other materials acquired by the Corporation.

Administrative expenses in connection with the supply and foreign purchase program, the wool and mohair program under the National Wool Act of 1954, the International Wheat Agreement, and the sale of long-staple cotton transferred from the national stockpile, are not included in the limitation since it is contemplated that full reimbursement will be received for these expenses. Such reimbursement will be obtained and used in 1964 in the same manner as in previous years.

Under the special programs for feed grains and wheat stabilization, funds of the Corporation are authorized to pay administrative expenses of these programs through June 30, 1963.

Financing. - The programs of the Commodity Credit Corporation are financed by capital stock, borrowings, guarantees to purchase notes or other obligations evidencing loans made by lending agencies, issuance of certificates of interest in loans held by the Corporation, appropriations to reimburse the Commodity Credit Corporation for net realized losses, appropriations to reimburse the Corporation for costs of special activities, advances and reimbursements from "Foreign Assistance Programs" appropriations, and receipts from operations.

The Corporation has an authorized capital stock of \$100 million held by the United States and authority to borrow up to \$14.5 billion. Funds are borrowed from Treasury and may also be borrowed from private lending agencies. In connection with loan guarantees, the Corporation reserves a sufficient amount of its borrowing authority to purchase at any time all notes and other obligations evidencing loans made by lending agencies or certificates of interest issued in connection with the financing of price-support operations. All bonds, notes, debentures, and similar obligations issued by the Corporation are subject to approval by the Secretary of the Treasury as required by the act of March 8, 1938 (15 U.S.C. 713a-4).

Interest on borrowings from the Treasury (and on capital stock) is paid in accordance with a policy of the Treasury that the rate shall be based upon the average interest rate on all outstanding marketable obligations (of comparable maturity date) of the United States as of the preceding month. Interest is also paid on certificates of interest and lending agency obligations for the period the agencies have their funds invested.

Public Law 87-155 authorizes appropriations annually, in an amount sufficient to reimburse the Corporation for its net realized losses for the fiscal year. If a surplus occurs, it is paid to the Treasury.

Receipts from operations include proceeds from sales of commodities, loan repayments, interest income, advances and reimbursements for costs of special activities, and miscellaneous income, refunds, and collections.

Appropriations. - A comparison of appropriations to the Corporation follows:

	Estimated Available, 1963	Budget Estimate, 1964
Reimbursement for net realized losses	\$2,278,455,000	\$2,799,400,000
Reimbursement for costs of special milk program	92,383,000	- -
Administrative expense limitation	(43,188,500)	(43,875,000)
Reimbursement for National Wool Act (permanent)	69,164,861	69,000,000

(a) Reimbursement for Net Realized Losses,
Commodity Credit Corporation

Appropriation Act, 1963 (for reimbursement of 1961 realized losses) and base for 1964	\$2,278,455,000
Budget Estimate, 1964 (for reimbursement of 1962 realized losses)	<u>2,799,400,000</u>
Increase	<u>+520,945,000</u>

PROJECT STATEMENT

Project	1962 Appro- priation Act	1963 Estimated	Increase (+) or Decrease (-)	1964 Estimated
<u>Price support, export</u>	:	:	:	:
<u>supply, and related</u>	:	:	:	:
<u>programs:</u>	:	:	:	:
Partial restoration	:	:	:	:
of capital impair-	:	:	:	:
ment (1960)	\$936,428,838:	- -	- -	- -
Reimbursement for	:	:	:	:
1961 and 1962 real-	:	:	:	:
ized losses	- -	\$2,067,328,818:	+\$732,094,884:	\$2,799,423,702
Reimbursement of	:	:	:	:
one-sixth of re-	:	:	:	:
valuation of	:	:	:	:
inventory in 1961	- -	211,500,000:	-211,500,000:	- -
Total, price sup-	:	:	:	:
port, export,	:	:	:	:
supply, and re-	:	:	:	:
lated programs .	936,428,838:	2,278,828,818:	+520,594,884:	2,799,423,702
<u>Special milk program:</u>	:	:	:	:
Restoration of capi-	:	:	:	:
tal impairment	:	:	:	:
(1960 costs) a/ ...	81,180,927:	b/ -373,525:	+349,986:	-23,539
Adjusting balance ...	+235:	-293:	+130:	-163
Total appropriation	:	:	:	:
or estimate	1,017,610,000:	2,278,455,000:	+520,945,000:	2,799,400,000

a/ In accordance with Public Law 86-446, approved April 29, 1960, as amended by Public Law 87-67, approved June 30, 1961, separate appropriation items reimbursing to the Corporation \$90 million advanced for the costs of the 1961 and \$95 million for the 1962 Special Milk Program were included in the Appropriation Acts for 1962 and 1963, respectively, under "Reimbursement to Commodity Credit Corporation for Costs of Special Milk Program."

b/ Prior year adjustment.

EXPLANATION OF ESTIMATE

The 1964 estimate of \$2,799,400,000 is proposed to reimburse the realized losses of the Commodity Credit Corporation as of June 30, 1962, pursuant to Public Law 87-155, approved August 17, 1961. This law repealed sections 1 and 2 of the Act of March 8, 1938, which provided for an appraisal by the Secretary of the Treasury of the assets and liabilities of the Corporation and authorized restoration of capital impairment or surplus payments to Treasury based on such appraisal. Public Law 87-155 authorized to be appropriated annually for each fiscal year, commencing with the fiscal year ending June 30, 1961, an amount sufficient to reimburse the Corporation for its net realized loss incurred during such fiscal year, as reflected in its accounts and shown in its report of its financial condition as of the close of such fiscal year. The law further provides that reimbursement of net realized loss shall be with appropriated funds rather than through the cancellation of notes and that in the event the accounts of the Corporation reflect a net realized gain for any such fiscal year, the amount of such gain shall be deposited to the Treasury as miscellaneous receipts.

The accounts of the Corporation and its report of financial condition as of June 30, 1962, reflect total realized losses of \$2,799,400,000 on price support and related programs and special milk as explained below.

The following tabulation relates net realized losses for the fiscal years 1959 through 1962 to the years in which appropriations were made, or are estimated to be made, in order to reimburse the Corporation for the net realized losses resulting from the Corporation's activities.

(In thousands of dollars)						
Appropriation	Fiscal Year in Which Realized Losses are Incurred				Total, actual or estimated appropriation	
	1959	1960	1961	1962		
Supplemental Appropriation Act, 1960	\$575,000	- -	- -	- -		\$575,000
Annual Appropriation Act, 1961	632,001	\$594,499	- -	- -		1,226,500
Annual Appropriation Act, 1962	- -	1,017,610	- -	- -		1,017,610
Appropriation Act, 1963:						
Realized losses ...	- -	- -	\$2,066,955	- -		2,066,955
Revaluation of inventory to reflect acquisition value	- -	- -	a/1,268,547	- -		211,500
Total appropriation, 1963	- -	- -	3,335,502	- -		2,278,455
Budget Estimate, 1964:						
Realized losses	- -	- -	- -	\$2,799,400		2,799,400
Total losses	1,207,001	1,612,109	3,335,502	2,799,400		xxx

a/ Of this amount, \$211.5 million has been reimbursed in the 1963 appropriation; the remainder will be included in subsequent budgets as needed to finance operations.

SUMMARY OF INCREASES AND DECREASES

Analysis of Realized Losses, Fiscal Years 1961 and 1962

Following is a summary of the change in the realized losses sustained (exclusive of inventory revaluation) and an explanation of the major items:

1961	\$2,066,955,293
1962	<u>2,799,400,163</u>
Increase	<u>+732,444,870</u>

The increase consists of the following:

Item	1961 (Revised)	1962	Increase (+) or Decrease (-)
Price support, export, supply, and related programs:			
Commodity inventory operations:			
Loss on sales	\$105,009,692:	\$226,407,266:	+\$121,397,574
Donations	269,026,124:	481,268,022:	+212,241,898
Storage and handling expense ...	426,779,178:	393,256,854:	-33,522,324
Transportation expense	164,183,380:	134,050,978:	-30,132,402
Total, Commodity inventory operations	964,998,374:	1,234,983,120:	+269,984,746
Commodity export payments	288,835,132:	244,180,414:	-44,654,718
Reseal storage expense	48,096,193:	70,503,887:	+22,407,694
1961 feed grain program payments .	333,222,606:	449,275,301:	+116,052,695
1962 feed grain program payments .	- -	353,680,210:	+353,680,210
1962 wheat stabilization program payments	- -	65,105,373:	+65,105,373
Other program expense (net)	3,940,743:	8,240,282:	+4,299,539
Interest (net)	354,006,873:	290,651,355:	-63,355,518
Administrative and nonadministrative expense (net)	89,095,175:	82,803,760:	-6,291,415
Total, Price support, export, supply, and related programs	2,082,195,096:	2,799,423,702:	+717,228,606
Special milk program <u>a/</u>	<u>b/ * 373,525:</u>	<u>b/ * 23,539:</u>	<u>+349,986</u>
Subtotal	2,081,821,571:	2,799,400,163:	+717,578,592
Adjustment to revised accounting basis	* 14,866,278:	- -	+14,866,278
Total, realized losses included in appropriation	2,066,955,293:	2,799,400,163:	+732,444,870

a/ Losses for 1961 and 1962 were reimbursed under separate appropriations pursuant to Public Law 86-446 approved April 29, 1960. See "Reimbursement to Commodity Credit Corporation for Costs of Special Milk Program."

b/ Prior year adjustment.

* Denotes gain.

As indicated above, the largest increase over 1961 losses was the payments on the 1962 feed grain program authorized by Public Law 87-128, approved August 8, 1961, which also authorized the Corporation to advance operating costs for this program in 1962.

Of the total increase in losses on commodity inventory operations of \$269,984,746, losses on sales and donations reflected the increased and expanded disposal programs of the Corporation. Reseal storage payments for the first time in 1961 were charged to realized losses rather than capitalized in inventory pursuant to the change in accounting for inventory charges.

The above increases were offset in part by lower interest costs reflecting the interest rates in 1961 ranging from 2-3/4% to 3-1/4% per annum compared with 1962 rates ranging from 2-7/8% to 3-1/4%, with the lower range prevailing for longer periods.

The following statement compares the 1961 and 1962 losses by programs and commodities:

(Millions)					
Program and Commodity	1961 (Revised)		1962		
	Revaluation of Inventory	Realized Loss Excluding Revaluation of Inventory		Increase or	Decrease
Price Support, Export, Supply, and Related Programs:					
Basic Commodities:					
Corn	\$364	\$319	\$568	+\$249	
Cornmeal	-	20	21	+1	
Cotton	16	140	12	-128	
Peanuts and peanut butter	1	17	12	-5	
Rice	1	30	16	-14	
Tobacco	-	1	9	+8	
Wheat	603	109	29	-80	
Wheat flour	a/	80	101	+21	
Bulgur	-	-	3	+3	
Rolled wheat	-	-	5	+5	
Total basic	985	716	776	+60	
Mandatory nonbasic commodities:					
Barley	13	8	10	+2	
Milk and butter fat:					
Butter	2	14	81	+67	
Cheese	a/	a/	51	+51	
Milk, nonfat dry	2	114	167	+53	
Armed Services and Veterans milk	-	25	26	+1	
Oats	2	4	4	-	
Rye	1	2	1*	-3	

(Continued on the next page)

Program and Commodity	1961 (Revised)		1962	Increase or Decrease
	Revaluation of Inventory	Realized Loss Excluding Revaluation of Inventory		
Price Support, Export, Supply and Related Programs: (Continued)				
Mandatory nonbasic commodities: (Continued)				
Sorghums, grain	261	103	127	+24
Tung oil	a/	1	a/	-1
Other	- -	a/	a/	- -
Total mandatory nonbasic	281	271	465	+194
Other nonbasic commodities:				
Beans, dry edible	a/	5	10	+5
Soybeans	- -	4	1	-3
Vegetable oils	- -	- -	30	+30
Other	1	a/	a/	- -
Total other nonbasic	1	9	41	+32
Strategic and critical materials .	2	1*	3*	-2
Total price support program	1,269	995	1,279	+284
Commodity export program	- -	305	268	-37
Other programs	- -	6	10	+4
Subtotal	1,269	1,306	1,557	+251
1961 feed grain program	- -	333	449	+116
1962 feed grain program	- -	- -	354	+354
1962 wheat stabilization program .	- -	- -	65	+65
Interest (net)	- -	354	291	-63
Administrative and nonadministrative (net)	- -	89	83	-6
Subtotal	1,269	2,082	2,799	+717
Adjustment to revised accounting basis	- -	15*	- -	+15
Total, price support, export, supply and related programs ..	1,269	2,067	2,799	+732

a/ Less than \$500,000.

* Denotes gain.



STATUS OF PROGRAM

Basic Assumptions

The following general assumptions form the basis for the Corporation's 1963 and 1964 budget estimates:

- (a) Employment, production, and national income will rise moderately both in 1963 and 1964 from the present level;
- (b) On the average, the general level of prices will be the same as or increase slightly over the present level;
- (c) Developments in international relations will not be such as to affect Government civilian programs generally;
- (d) Exports of agricultural commodities in the fiscal year 1964 will be at about current levels;
- (e) Yields for the 1963 crops generally are based on recent averages adjusted for trend; and
- (f) Acreage allotments and marketing quotas will be in effect for the 1963 crops of peanuts, rice, wheat, cotton and certain kinds of tobacco.

Compliance with provisions of the Food and Agriculture Act of 1962, the provisions of the 1962 and 1963 special agricultural conservation program for feed grains and the wheat stabilization programs should result in substantial acreage reductions in those commodities. The estimates for the feed grain and wheat stabilization programs assume diverted acreage based on probable sign-ups by cooperators. However, the full impact of these programs cannot be accurately predicted until the final returns of actual participation are received for these crops. The estimates of expenditures for 1964 have been computed on the basis of these programs for the 1963 crops. No special feed grain program has been authorized for the 1964 crop and no advance payments are included in the fiscal year 1964.

In considering these estimates, it should be recognized that it is difficult to estimate requirements for the year ending June 30, 1964. They are dependent upon weather conditions and all other factors affecting volume of production of crops not yet planted in this country and abroad, economic conditions generally, food needs in this country and abroad, availability of dollar exchange, and other complex and unpredictable factors.

Description of Operations

Following are descriptions of the operations of the Commodity Credit Corporation, including price support, commodity export, storage facilities, supply and foreign purchase, the special feed grain program, the wheat stabilization program, the special milk program, other special activities financed by Commodity Credit Corporation, as well as other items of income and expense.

Departmental tables reflect by commodity, the factors of production, supply, utilization, prices, etc., which form the basis of the estimates. Additional elements included are the actual and anticipated volume of commodities under support, purchase agreements, loans made and repaid, acquisitions, dispositions, end-of-year investment, carrying charges, expenditures and receipts, and gain or loss.

The tables also reflect a summary of operations for other programs of the Commodity Credit Corporation, including the Commodity Export Program, the Storage Facilities Program, the Supply and Foreign Purchase Program, the Special Milk Program, the Special Feed Grain Programs, and the Wheat Stabilization Programs, as well as other items of income and expense.

I. PRICE SUPPORT PROGRAM

A. Summary of Price Support Operations

(millions)

Activity	1962 Actual	1963 Estimate	1964 Estimate
Price Support Program:			
Loan Activity:			
Loans outstanding at beginning of year ..	\$1,475.4	\$2,182.7	\$2,025.2
Loans made	2,619.3	2,734.9	2,248.9
Loans repaid	880.4	1,050.0	859.1
Collateral acquired, etc.	1,031.6	1,842.4	1,926.5
Loans outstanding at end of year	2,182.7	2,025.2	1,488.5
Inventory Activity:			
Inventory at beginning of year	5,563.3	4,474.4	4,565.1
Purchase agreement deliveries	44.9	54.7	50.2
Other purchases	829.3	792.9	844.0
Collateral acquired, etc.	1,094.6	1,926.0	2,028.0
Processing charges	15.3	20.0	19.4
Storage and handling (including depreciation)	(393.2)	(374.7)	(345.1)
Transportation	(134.0)	(121.3)	(118.6)
Transfers (net)	154.0	125.3	130.3
Sales of commodities (cost)	2,759.6	2,165.9	2,379.5
Donations	467.4	662.3	725.0
Inventory at end of year	4,474.4	4,565.1	4,532.5
Price support payments (details following) .	-	-	(581.0)
Realized loss	1,279.6	1,100.6	1,636.9
Investment in price support	6,657.1	6,590.3	6,021.0
Net expenditures	590.4	1,285.5	871.1

B. Summary of Price Support Payments

1963-Crop Feed Grains and Wheat (fiscal year 1964)
(millions)

Commodity	Base Acreage	% of Base Acreage on participating Farms	Base Acres on Participating Farms	Diverted Acres	Acres Planted for Harvest	Yield (Average 1959 - 1960)	Production	Payment Rate		Total Payment
								Bu.	Acre	
Feed Grain:										
Corn	86.0	70	60.0	18.0	40.0 <u>a/</u>	54.0	2,160	\$0.18	\$9.72	\$390
Grain sorghums	20.9	80	16.7	5.0	11.5 <u>b/</u>	38.0	437	.16	6.08	70
Barley	16.0	60	9.6	2.4	7.2	29.6	213	.14	4.14	30
Total feed grains	122.9	xxx	86.3	25.4	58.7	xxx	2,810	xxx	xxx	490
Wheat	55.0	51	28.0	7.0	21.0	24.0	504	.18	4.32	91
Total										\$581

a/ Difference of 2.0 (underplanting).

b/ Difference of .2 (underplanting).

C. Description of Current Programs

1. Objective.--To support the price of agricultural commodities, as required.
2. Authority.--Price-support activities are governed by the provisions of the following legislation:

Commodity Credit Corporation Charter Act (15 U.S.C. 714-714p),

Titles I, II, III and IV of the Agricultural Act of 1949, as amended (7 U.S.C. 1421 et seq.),

Titles I and II of the Agricultural Act of 1956 (7 U.S.C. 1813-60),

Public Law 87-5 (75 Stat. 6),

The Agricultural Act of 1961 (P.L. 87-128),

Section 308 of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480), with respect to purchases of animal fats and edible oils and products thereof for donation, and

The Food and Agriculture Act of 1962.

3. Operations.--Price support is available to producers through loans, payments, purchase agreements, and purchases.

a. Loans.--For most commodities, nonrecourse loans may be obtained from financial institutions or direct from the Corporation through the Agricultural Stabilization and Conservation Service County Committees. Loans are made on a note-and-chattel mortgage basis for farm-stored commodities, and on a note-and-loan agreement basis secured by warehouse receipts for warehouse-stored loans. In the case of tobacco and peanuts, advances are made to producers through producer associations which are under contract with Commodity Credit Corporation. Producers of naval stores obtain loans through the American Turpentine Farmers Association Cooperative. The producers' commodities serve as collateral for price-support loans.

b. Reseals.--Reseal loans on 1961 crops (grains) in farm storage under loan, or purchase agreements to be converted to loans, and extended reseal loans for various crop years were available. Purchase agreements may be converted to loans for reseal purposes. A specified reseal storage payment is made on all reseal loans. Such payment is recorded as a current operating expense.

Reseal and extended reseal loans were available generally for one year (except as indicated) as follows:

Corn: 1961 crop (2 years), 1960 crop (2 years), 1959 crop (Ext. 2) and 1958 crop (Ext. 3).

Wheat: 1961 crop (2 years), 1960 crop (2 years) and 1959 crop (Ext. 2).

Barley: 1961 crop, 1960 crop (Ext. 1) and 1959 crop (Ext. 2 on a limited scale).

Grain sorghum: 1961 crop and 1960 crop (2 years).

Oats: 1961 crop and 1960 crop (Ext. 1).

Soybeans: 1961 crop.

c. Purchase agreements.--A producer desiring to deliver a commodity to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on the applicable loan maturity date. The producer is not obligated to sell any specified quantity; however, the number of units specified in the purchase agreement is the maximum quantity that may be delivered.

d. Purchases.--Direct purchases are made of: (a) butter, cheddar cheese, and nonfat dry milk from manufacturers and handlers; (b) cottonseed from producers and ginners; (c) flaxseed from producers in designated Texas counties; (d) No. 2 shelled peanuts from shellers when conditions warrant; (e) storable corn on the open market at not more than market or current support price to offset dispositions of Commodity Credit Corporation off-grade corn; (f) wheat at terminal or port position at prevailing market price to offset sales of small or isolated lots of Commodity Credit Corporation wheat at country or inland position in order to effect rotation and consolidation of such stocks; and (g) cornmeal, wheat flour, milk, rice, bulgur, rolled wheat, and vegetable oils on the open market pursuant to competitive offers, for donation. Sales are authorized for inventory management purposes of Commodity Credit Corporation corn and wheat in amounts not to exceed the equivalent of quantities of flour and cornmeal so purchased.

e. Price support payments on 1963 crops of feed grains and wheat.--

(1) The 1963 feed grain program.--In a change from previous years, farmers participating in the 1963 feed grain program will receive price support partly through loans and purchase agreements and partly through an in-kind payment. Loans and purchase agreements will reflect a national average price of \$1.07 per bushel on corn, \$1.71 per cwt. on grain sorghum (96¢ per bu.) and 82¢ per bushel on barley. In addition, price-support payments will be made on the normal production of the harvested acreage of 18¢ per bushel on corn, 29¢ per cwt. on grain sorghums (16¢ per bu.) and 14¢ per bushel on barley. Oats and rye are not included in the special 1963 feed grain program, and neither payment is provided nor reduction in acreage is required for price-support eligibility.

In another substantial change from the previous program, farmers to be eligible for price support, must divert the total acreage signed up under the special feed grain program.

Participating farmers will be able to put all of their 1963-crop corn, grain sorghum and barley under price-support loans and purchase agreements. This is in contrast to provisions of the 1961 and 1962 program which limited price support to the normal production of harvested acreage. For details of acreage diversion payments see Section V, Special Program for Feed Grains.

(2) The 1963 wheat program.--Wheat growers have approved marketing quotas for the 1963 crop, with a 55 million acre national allotment. Producers who divert acreage of the 1963 crop will be eligible for diversion payments equal to 50 percent of the support value of normal production on the land diverted. Such producers will also qualify for an average loan or purchase agreement rate of \$1.82 per bushel and price support payments-in-kind of 18 cents a bushel, making a total support level of \$2.00 per bushel. For details of acreage diversion payments see section III, Wheat Stabilization Program.

f. Availability of price support.--Price support on the 1962 and 1963 crops is available to producers, by commodities, as follows:

1962 Crops (except as noted)								
Commodity	Announced Average Support Price			Support Level		Support Available		Latest Maturity Dates of Nonre-course Loans
	Type a/	Amount	Unit	% of Par-ity	Par-ity as of	Earliest Date	Latest Date	
<u>Basic Commodities:</u>						Harvest Time (Approx.)		(Or earlier on demand & in certain areas)
Corn (1963)	L&PA PIK	\$1.07 .18	Bu. Bu.	78	12-62	8-1-63	5-31-64	7-31-64
Cotton	L							
Upland						7-1-62	4-30-63	7-31-63
Middling 1-inch (average loca- tion) .....		.3247	Lb.	82	1-62			
Average quality .....		.3188	Lb.	82	1-62			
Extra-long staple .....		.5317	Lb.	65	1-62	7-1-62	4-30-63	7-31-63
American-Egyptian .....		.5318	Lb.					
Sea Island ....		.4818	Lb.					
Sealand .....		.4318	Lb.					
Peanuts, Farmer's Stock	L&PA	(\$.1107 (221.40	Lb.) Ton)	82	8-62	8-1-62	1-31-63	5-31-63 or later
Peanuts, Shelled	P					9-1-62	8-31-63	-
Rice	L&PA	4.71	Cwt.	76	8-62	5-15-62	1-31-63	4-15-63
Tobacco b/	L			b/	b/			Demand
Flue-cured (11-14)		0.561	Lb.			7-1-62	2-28-63	
Fire-cured (21-23)		0.392	Lb.			11-1-62	4-30-63	
Burley (31) ...		0.578	Lb.			11-1-62	4-30-63	
Maryland (32) .		0.513	Lb.			4-1-63	11-15-63	
Dark air-cured(35-36) and sun-cured (37)		0.348	Lb.			11-1-62	4-30-63	

Commodity	Announced Average Support Price			Support Level		Support Available		Latest Maturity Dates of Non-course Loans
	Type a/	Amount	Unit	% of Par-ity	Par-ity as of	Earliest Date	Latest Date	
Tobacco <u>b/</u> (Cont'd.)						Harvest Time (Approx)		(Or earlier on demand & in certain areas)
Penn. seed leaf(41)		-	-					
Puerto Rican (46)		\$0.300	Lb.			2-1-63	9-30-63	
Cigar binder(51-52)		0.400	Lb.			9-1-62	7-31-63	
Cigar filler & binder(42-44)(53-55)		0.289	Lb.			9-1-62	7-31-63	
Wheat <u>c/</u> (1963) ..	L&PA	1.82	Bu.	<u>c/</u>	<u>c/</u>	5-15-63	1-31-64	3-31-64
	PIK	.18	Bu.					
<u>Mandatory Nonbasic Commodities:</u>								
Honey	L&PA	.112	Lb.	75	1-62	4-1-62	12-31-62	4-30-63
Milk & butterfat <u>d/</u>								
Butterfat	P	.572	Lb.	75	3-62	4-1-62	3-31-63	-
Milk for manufact uring	P	3.11	Cwt.	75	3-62	4-1-62	3-31-63	-
Barley (1963)	L&PA	.82	Bu.	76	12-62	5-15-63	1-31-64	4-30-64
	PIK	.14	Bu.					
Oats (1963)	L&PA	.65	Bu.	77	12-62	5-15-63	1-31-64	4-30-64
Sorghums, grain(1963)	L&PA	(1.71	Cwt.)	79	12-62	4-1-63	1-31-64	3-31-64
		(.96	Bu.)					
	PIK	(.29	Cwt.)					
		(.16	Bu.)					
Tung Nuts	PA	63.34	Ton	84.5	7-62	11-1-62	1-31-63	3-31-63
Tung Oil	L&PA	.24	Lb.	84.5	7-62	11-1-62	6-30-63	10-31-63
Rye (1963)	L&PA	1.07	Bu.	73	12-62	5-15-63	1-31-64	4-30-64
<u>Other Nonbasic Com-</u> <u>modities:</u>								
Beans, dry edible	L&PA	6.32	Cwt.	70	1-62	8-15-62	1-31-63	4-30-63
Cottonseed: Loan .		\$48.00	Ton	76	1-62	7-1-62	1-31-63	3-1-63
Purchase		44.00	Ton				2-28-63	-
Flaxseed	L,PA&P	2.90	Bu.	76	1-62	4-1-62	1-31-63	3-31-63
Naval Stores:	L			88	4-62	1-1-62	12-31-62	6-30-63
Crude pine gum:								
Processed basis .		34.28	Bbl.					
Gum Rosin		10.50	Cwt.					
Soybeans	L&PA	2.25	Bu.	78	1-62	5-15-62	1-31-63	5-31-63

(Footnotes on next page.)

a/ L indicates loans; PA indicates purchase agreements; P indicates purchases; and PIK indicates payment-in-kind.

b/ For tobacco, percent of parity not applicable. For the 1961 crop and subsequent years, the support level will be determined by multiplying the 1959 level by the ratio of the average of the price paid index for 3 years prior to the market year to the average index of prices paid for 1959 (P.L. 86-389) (7 U.S.C. Supp. II, 1445). The Maryland crop for most grades bears the level of the 1958 crop (last crop supported). Flue-cured tobacco of Coker 139, Coker 140, and Dixie Bright 244 varieties (or any mixture or strain of such varieties) are supported at one-half the support rates for comparable grades of other varieties.

c/ Level shown applies to commercial area. No price support available in non-commercial area. Percent of parity not applicable. The Food and Agriculture Act of 1962 established the support level at \$2.00 per bushel.

d/ Milk and butterfat convert to the following purchase prices for products:

	Cents per Pound on and After <u>4-1-62</u>
--	--

Butter:

U.S. Grade A or higher:	
New York, N.Y.; Jersey City and Newark, N.J.	58.75
Seattle, Wash.; California; Alaska; and Hawaii	58.00
Connecticut; Rhode Island; Massachusetts; Vermont; New Hampshire; and Maine	58.75
Arizona; New Mexico; Texas; Louisiana; Mississippi; Alabama; Georgia; Florida; and South Carolina	57.75
Location differentials for points in between.	
U.S. Grade B: 2¢ per pound less than above prices.	
<u>Cheddar Cheese:</u> U.S. Grade A or higher	34.60
<u>Nonfat dry milk:</u> U.S. Extra Grade - Spray process	14.40

4. Eligibility.--With respect to upland cotton, extra-long staple cotton, wheat, rice, peanuts and tobacco, eligible participants are producers (including associations of producers) of 1962 or 1963 crops who comply with acreage allotments and marketing quotas where applicable. Price support will also be extended to rice producers who did not knowingly contribute to overplantings. Growers of Pennsylvania Seedleaf Type 41 tobacco will not receive price support on the 1962 crop since they disapproved marketing quotas. Producers must participate in the special programs for feed grains and the wheat stabilization programs in order to be eligible for price support on those respective crops.

Producers of other designated commodities are eligible if they comply with the regulations : prescribed by the Secretary governing eligibility for price support.

Grains that cannot be safely stored on the farm are ineligible for farm storage loans, and grains containing mercurial compounds or other substances poisonous to man or animals are ineligible for any price support. In general, commodities grown on Federally owned land in violation of restrictive leases are not eligible for price support. Dairy products listed below are purchased to

support prices to producers of milk and butterfat which are designated nonbasic commodities.

The following tabulation reflects eligibility requirements for commodities:

Commodity	Minimum Grade	Other major factors
<u>Basic:</u>		
Corn	3	Or No. 4 on the factor of test weight only. Commodity must be of the classes: Yellow Corn (Class I), White Corn (Class II), or Mixed Corn (Class III). Corn under loan must not grade "weevily." The moisture content for farm storage loan corn may not exceed 16- 21% depending on time of testing for ear corn and 14% for shelled corn.
Cotton:		
Extra-long staple		American-Egyptian, Sealand, and Sea Island of prescribed qualities and designated types. See weight requirement below.
Upland		Basis Middling white 1 inch. Commodities must be of one of the prescribed qualities. Each bale must weigh not less than 350 nor more than 625 pounds, gross weight, and must be adequately packaged.
Peanuts, Farmers' Stock		Contain not more than: 10% foreign material, 25% damaged kernels, and 10% moisture except that mechanically dried peanuts shall contain at least 6%. (There are regional exceptions.)
Peanuts, Shelled .	2	Contain not more than 2% peanuts of other types 6% damaged or unshelled peanuts, 2% minor defects (unused part of tolerance for damaged or unshelled peanuts allowed for minor defects), 2% foreign material, 7% fall-through and 10% moisture.
Rice	5	Must be one of classes within Official Standards of the United States other than "mixed rough rice." Moisture limit 14%.
Tobacco		Flue-cured (tied and loose leaf), Burley, Fire-cured, Dark air-cured and sun-cured, Maryland, Cigar Binder, cigar filler and binder, and Puerto Rican.
Wheat	3	Or No. 4 or No. 5 on the factor of "test weight" and/or because of containing "Durum" and/or "Red Durum" but otherwise grading No. 3 or better, or "sample grade" on test weight only. Weight of at least 50 or 51 pounds a bushel is the minimum test weight: from 50 to 40 pounds is discounted

Commodity	Minimum Grade	Other major factors
Wheat (Continued) ..		as "sample grade." In general, moisture limit is 14%. Wheat sedimentation tests will be used to determine quality in lieu of protein content for premium.
<u>Mandatory Nonbasic:</u>		
Barley	5	Includes No. 5 garlicky. Minimum test weight for No. 5 is 36 pounds per bushel; except that Western Barley shall have a test weight of not less than 40 pounds per bushel.
Honey	C	Must be packed in metal containers with a capacity of not less than 5 gal. or greater than 70 gals. Must be equal to or better than grade C of United States Standards for grades of Extracted Honey and must not be objectionable in flavor.
Butter	A&B	Bulk, print or canned.
Cheese	A	Cheddar, standard moisture basis.
Milk, nonfat dry .	Extra	Spray. Grade must be "Extra" except moisture limitation is 3.5% and direct microscopic clump bacteria count may not exceed 250 million per gram.
Oats	3	Or No. 4 on the factor of "test weight" only. Oats grading garlicky meeting above requirements are eligible.
Rye	2	Or No. 3 on the factor of "test weight" only. Must not contain more than 1% ergot. Smutty, garlicky, or weevily rye shall not be eligible.
Sorghums, grain ..	4	Or No. 4 smutty or better, or No. 4 discolored or better, and containing not more than 13% moisture unless accompanied by a certificate stating ineligibility is due to moisture content only.
Tung Nuts and Oil		Nuts must be matured, air dried with hard hulls dark in color and suitable for milling. Oil must meet Federal Specifications.
<u>Other Nonbasic:</u>		
Beans, Dry Edible	2	Classes included: Pea, Medium White, Great Northern, Small White, Flat Small White, Pink, Small Red, Pinto, Dark Red Kidney, Light Red Kidney, Western Red Kidney, Large Lima and Baby Lima. Moisture Limit 18%. After deduction of foreign materials, may not contain more than 8% of other defects.

Commodity	Mini- mum Grade	Other major factors
Cottonseed		Must be sound and clean and contain not more than 11% moisture.
Flaxseed	2	Moisture limitation 11%.
Rosin	X - K	Must be produced from eligible oleoresin and must be Federally inspected and packed in specified drums in approved storage.
Soybeans	4	Moisture limitation 14% unless accompanied by a certificate stating ineligibility is due to moisture content only. Must not grade garlicky or weevily.

D. Disposition of Price-Support Commodities

1. Description of programs.--Outlets available for disposal of Commodity Credit Corporation price-support inventory include domestic and export sales for dollars; sales for foreign currency under Title I of Public Law 480, as amended; commodities furnished for emergency and other purposes under Title II of Public Law 480; sales for dollars under long-term supply contracts under Title IV of Public Law 480; wheat furnished under the International Wheat Agreement; grain furnished for migratory waterfowl and game birds under the Act of July 3, 1956, as amended, and Public Law 87-152, approved August 17, 1961; barter and exchanges of agricultural commodities for strategic and critical materials abroad; payments-in-kind to U.S. exporters; payments-in-kind to producers of certain feed grains and wheat who reduce acreage under special programs; transfers to other Government agencies for export or for domestic use; and foreign and domestic donations.

a. Sales for dollars.--

(1) Domestic.--Section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427), as amended, provides that with a few exceptions, the Corporation may not sell any basic agricultural commodity or storable non-basic commodity at less than 5% above the current support price plus reasonable carrying charges. This section also includes legislation authorizing the Corporation to make its commodities available to relieve distress or disaster. This authority has been used to conduct an emergency feed program under which mixed feeds were made available to herd owners for \$1.00 a cwt.

Section 102 of the above act directed the Corporation, during the period August 1, 1959, through July 31, 1961, to offer any upland cotton owned by it for sale for unrestricted use at not less than 10% above the current level of price support for Choice (B) farms. After July 31, 1961, section 407 as amended by Public Law 85-835, raises this percentage to 15 for all cotton, except that any amount by which estimated disappearance exceeds the national marketing quota may be sold at market price.

Section 407 as amended by Public Law 87-127 authorizes sales of Corporation-owned or controlled feed at not less than 75 percent of current support level for preservation of foundation herds of livestock in emergency areas.

Included in the domestic category are sales of cottonseed, flaxseed and rough rice to processors under conditional contracts which provide for repurchase by the Corporation in processed form.

Marketing of grain certificates and price support payment-in-kind certificates are described under payment-in-kind, domestic, in a following section.

(2) Export.--Section 407 of the Agricultural Act of 1949, as amended, authorizes export sales without price restriction and includes those made on condition that commodities of the same kind or comparable value or quantity be exported in raw or processed form. Export credit sales are made on a deferred payment basis for periods up to 3 years.

Section 203 of the Agricultural Act of 1956, as amended (7 U.S.C. 1853), directs the Corporation to make cotton available at prices not in excess of the level of prices at which cotton of comparable qualities is being offered in substantial quantities by other exporting countries.

Proceeds from sales of wheat include export differentials not paid by the purchasers but charged to the Commodity Export Program or the International Wheat Agreement.

b. Public Law 480 (Export).--CCC commodities are furnished pursuant to Public Law 480. Further details are contained under "Foreign Assistance Programs."

c. International Wheat Agreement.--This authorizes furnishing of wheat to importing countries at stable and equitable prices. (See "Foreign Assistance Program")

d. Feed for migratory waterfowl and resident game birds.--Under the Act of July 3, 1956, as amended, and Public Law 87-152, approved August 17, 1961, grain owned by the Corporation is furnished to the Department of the Interior for feeding (1) migratory waterfowl to prevent crop depredations and (2) starving migratory birds; and also furnished to the States, as certified by the Department of the Interior, to feed resident game birds in danger of starvation.

e. Barter (Export).--Under its Charter Act and other legislative authority, the Corporation may exchange its agricultural commodities for foreign-produced materials, goods and equipment.

Pursuant to Section 4(h) of the Commodity Credit Corporation Charter Act, materials acquired by the Corporation are transferred to the national stockpile and the Corporation is reimbursed therefor at the fair market value by General Services Administration. However, for the past few years no funds have been appropriated to General Services administration for this purpose.

Pursuant to Section 206 of the Agricultural Act of 1956, as amended (7 U.S.C. 1856), strategic and other materials acquired by the Corporation are transferred to the supplemental stockpile which is designed to furnish a safety margin beyond the National Stockpile objectives. The Corporation is reimbursed by appropriation at the lower of cost or domestic market price. More on this item is contained under "Foreign Assistance Programs."

In accordance with Section 303 of Public Law 480 (7 U.S.C. 1692), agricultural commodities owned by the Corporation are bartered or exchanged for strategic and other materials designated by the President, of which the United States does not produce its requirements, and which entail less risk of loss or substantially less storage charges, or materials required in foreign aid and assistance programs, or materials required in substantial quantities for offshore construction programs.

In accordance with the recommendations of the Executive Stockpile Committee which were formally approved by the President on September 20, 1962, greater emphasis than in the past is being given to the use of barter in offshore procurement programs with the cooperation of other agencies who would otherwise spend dollars abroad for the items being procured.

The main objectives of the program will be (1) to increase the disposition of surplus agricultural commodities and (2) to strengthen the U.S. balance of payments position by using the commodities instead of dollars as payment for items purchased abroad by other agencies.

Pursuant to Section 407 of Public Law 765, 83rd Congress as amended (5 U.S.C. 1712-1), foreign currencies received from the export sale of Corporation-owned surplus commodities were used to construct military housing abroad. This is further described under "Special Activities."

f. Payment-in-kind (Export).--Under authority of the Charter Act, payment-in-kind programs were developed to stimulate exports from commercial supplies instead of from the Corporation's inventories and thereby reduce the acquisition of current crops by the Corporation. Upon proof of export of commodities obtained from private stocks, the Corporation will issue to U.S. exporters certificates at applicable subsidy rates redeemable in commodities from its stocks.

g. Payment-in-kind (Domestic).--Under authority of Public Law 87-5 and sections 124 and 133 of the Agricultural Act of 1961, approved August 8, 1961, and the Food and Agriculture Act of 1962, Corporation-owned feed grains and wheat may be furnished in payment of land retirement certificates issued under the special programs for feed grains and the wheat Stabilization programs as well as the price support payments for the 1963 crops of feed grains and wheat.

The Corporation makes payments to producers by issuance of negotiable payment-in-kind certificates, or by making cash advances in lieu of issuing certificates to producers who elect in advance to have the Corporation market their certificate rights. The payments are recorded as expenses and included in realized losses for the fiscal year. The certificates are redeemable only in specified feed grains from price-support inventories of the Corporation. Most of the certificates issued are surrendered to the Corporation for marketing and cash advances are made to the producers for the certificate value.

All certificates and certificate rights surrendered to the Corporation are placed in a certificate pool. Certificate rights are sold from the pool for use in obtaining grains from price-support inventories of the Corporation and the proceeds of such sales are applied as recoveries of the cash advances made to producers. Pooled certificates, or certificate rights, are reflected as a liability and the corresponding amount of cash advances is reflected as an asset in the Statement of Financial Condition. Redemptions of certificates or certificate rights in grains are recorded as sales at the dollar value of the certificates or rights redeemed. The value of certificates not surrendered for cash advances or for grains is reflected as a liability in the Statement of Financial Condition.

h. Transfers to other Government agencies.--

(1) Domestic.--Pursuant to Section 32, Public Law 320, 74th Congress, as amended (7 U.S.C. 612c) and supplemented, Corporation-owned commodities and products are acquired for relief and school lunch programs. (Excludes Section 416 donations).

(2) Export.--This includes commodities transferred pursuant to Section 402 of the Mutual Security Act of 1954, as amended (22 U.S.C. 1922).

i. Donations.--

(1) Domestic.--Section 202 of the Agricultural Act of 1949, as amended by the Agricultural Act of 1961 (7 U.S.C. 1446a), directs the Corporation to donate dairy products to the armed services and to Veterans' hospitals through December 31, 1964.

Section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) directs the Corporation to make available its farm commodities or products for use in relieving distress in areas determined by the President of the United States to be acute distress areas and also in connection with any major disaster determined by him to warrant assistance under Public Law 875, 81st Congress.

Section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) authorizes the Corporation to donate food commodities to the Bureau of Indian Affairs and to Federal, State and private agencies for use in the United States for nonprofit school lunch programs, for training students in home economics, (as authorized by Public Law 86-756, 74 Stat. 899), nonprofit summer camps for children, and the assistance of needy persons, and Section 210 of the Agricultural Act of 1956 (7 U.S.C. 1859) authorizes the Corporation to donate food commodities to certain penal and correctional institutions.

Pursuant to other legislative authority, various other donations are made for research, experimentation, textile training classes, educational and miscellaneous other projects.

(2) Export.--Section 416 of the Agricultural Act of 1949, as amended by Title III, Public Law 480, 83rd Congress (7 U.S.C. 143), authorizes the Corporation to donate commodities and their products acquired under the price-support programs or from private stocks to prevent waste, to nonprofit voluntary agencies and to intergovernmental organizations for use in the assistance of needy persons outside the United States.

Under Section 308 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1697), purchases of animal fats and edible oils and products thereof are authorized as will tend to maintain the support level for cottonseed and soybeans without requiring the acquisition of such commodities under the price support program. Such oils may be donated for use in the assistance of needy persons outside the United States.

Under Section 9 of the Act of September 6, 1958, the Corporation is authorized to purchase products of oilseeds, and edible oils or fats and the products thereof in such form as may be needed for donations abroad.

j. Market Development.--Pursuant to the Commodity Credit Corporation Charter Act, agricultural commodities are made available by CCC for use at trade fairs and exhibitions abroad to aid in the development of foreign markets for such commodities.

2. Summary of operations.--

<u>Type of Disposition</u>	<u>1962 Actual</u>	<u>1963 Estimated (millions)</u>	<u>1964 Estimated</u>
<u>Sales for dollars</u>			
<u>Domestic</u>			
Cost value	\$662.6	\$306.2	\$230.8
Proceeds	523.1	299.1	224.0
<u>Export</u>			
Cost value	65.1	60.1	62.8
Proceeds	47.0	41.7	40.2
<u>Public Law 480 (Export) (Transfers to Special Activities)</u>			
<u>Title I</u>			
cost value	218.8	196.4	205.1
Proceeds credited to price-support program	386.6	351.4	344.3
<u>Title II</u>			
Cost value	110.9	81.8	102.8
Proceeds credited to price-support program	172.2	117.6	149.8
<u>Title IV</u>			
Cost value	3.6	20.2	28.0
Proceeds credited to price-support program	6.4	38.0	52.8

<u>Type of Disposition</u>	<u>1962 Actual</u>	<u>1963 Estimated (millions)</u>	<u>1964 Estimated</u>
<u>International Wheat Agreement (Export)</u>			
Cost value	67.6	51.2	50.0
Proceeds credited to price-support pro- gram	71.7	61.5	57.1
<u>Feed for Waterfowl and Game Birds (Domestic)</u>			
Cost value .....	.1	.1	.2
Proceeds credited to price-support program .....	.2	.2	.3
<u>Barter (Export)</u>			
<u>Agricultural Commodities Delivered</u>			
Cost value	219.8	176.0	183.4
Proceeds credited to price-support program	212.0	185.8	188.4
<u>Strategic and Critical Materials</u>			
Acquired	(171.8)	(125.0)	(130.0)
Transferred to supplemental stockpile:			
Cost value	185.1	80.5	57.0
Proceeds credited to price-support program (gross)	193.3	85.5	61.5
Offshore procurement:			
Cost value	--	50.0	78.0
Proceeds	--	50.0	78.0
<u>Payment-in-kind</u>			
<u>Cotton exports</u>			
Cost value	16.1	--	516.0
Proceeds	15.7	--	494.0
<u>Other exports</u>			
Cost value	79.0	97.9	122.5
Proceeds	77.2	110.4	132.7
<u>Special feed grain and wheat programs:</u>			
Cost value	1,065.1	1,030.1	739.8
Proceeds credited to price-support program	791.0	945.8	735.2
<u>Transfers to Other Government Agencies</u>			
<u>Domestic</u>			
Cost value	62.6	12.4	.3
Proceeds	59.3	8.2	.3
<u>Export</u>			
Cost value	3.3	3.0	2.9
Proceeds	1.4	1.2	1.1

<u>Type of Disposition</u>	1962 <u>Actual</u>	1963 <u>Estimated</u> (millions)	1964 <u>Estimated</u>
<u>Donations - Cost value</u>			
<u>Domestic</u>			
Section 202	\$43.5	\$40.9	\$40.4
Section 407 .....	.6	.8	.7
Section 416	199.9	299.3	286.1
Section 210 (penal), research educa- tion, etc.	1.5	1.1	1.1
<u>Export</u>			
Section 416, Agricultural Act of 1949	191.7	288.3	333.6
Section 308, Public Law 480 (Vegetable Oils)	30.1	31.9	63.0
<u>Total Dispositions</u>			
Cost value	<u>3,227.0</u>	<u>2,828.2</u>	<u>3,104.5</u>
Proceeds	<u>2,557.1</u>	<u>2,296.4</u>	<u>2,559.7</u>

II. COMMODITY EXPORT

A. Description of Current Programs

1. Objective.--These programs are to encourage the export of certain free market stocks in order to reduce price-support inventories and to strengthen domestic market prices. These activities are carried out pursuant to the Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714), and other legislative authorities.

Special authorized programs such as wheat and wheat flour exports pursuant to the International Wheat Agreement Act (7 U.S.C. 1641 et seq.), sale of surplus agricultural commodities for foreign currencies under Title I, Public Law 480, 83d Congress, as amended (7 U.S.C. 1701 et seq.), and long-term supply contracts under Title IV, Public Law 480, 83d Congress (7 U.S.C. 1731 et seq.) are described under "Foreign Assistance Programs."

2. Operations.--

a. Upland cotton, feed grains, rice, dry milk, and wheat.--Under these programs, the Corporation provides for payment-in-kind (P-I-K) certificates to be issued to exporters, upon proof of exportation of wheat, rice, dry milk, and feed grains (barley, corn, oats, grain sorghum and rye) from commercial stocks. The certificates are redeemable for wheat, rice, dairy products and feed grains available in the Corporation's inventory. Such commodities thus acquired from the Corporation must be exported or, in the case of feed grains and wheat, a comparable quantity. Wheat exported will be eligible for transactions under Titles I and IV, Public Law 480, 83d Congress, as amended. In the case of wheat flour, cash payments are made.

In addition, P-I-K credits may be earned by exporters on upland cotton exported from commercial stocks. These credits are redeemable for available cotton from the Corporation's inventory, or as provided, the Corporation may make cash payments when cotton is not available from its inventory. Section 203 of the Agricultural Act of 1956 (7 U.S.C. 1853) directs sale of cotton in such manner as will maintain the fair historical share of the world market for U.S. cotton.

In general, availability of Corporation-owned rice, wheat, and feed grains to the grain trade for export (except as described above) is limited to barters and exchanges, sales relieving port congestion, sales requiring credit arrangements and sales of off-grade grains.

b. Cotton products.--This program is intended to protect the competitive position of the domestic cotton industry in relation to sales of cotton products manufactured abroad from American cotton purchased at export prices. Equalization payments, based on the raw cotton content in the products exported, are made to U.S. exporters on cotton products of upland cotton grown and wholly processed in the U.S. and which have not been previously exported and returned to the U.S. The payment rate is announced

monthly by the Corporation. Such rate is based on the weighted average export differential (the export payment rate announced under the payment-in-kind cotton export program and the difference between domestic market prices for cotton and the price at which the Corporation sells cotton for export).

c. Agricultural products.--This program is designed to aid in the development of foreign markets for U.S. agricultural commodities and products thereof. The Corporation provides its agricultural commodities or procures same or products thereof for display purposes at fairs and exhibits in foreign countries which are sponsored, approved, or conducted by the Foreign Agricultural Service or the Agricultural Stabilization and Conservation Service. Each project's cost is limited to \$60,000. Upon completion of exhibits, commodities may be disposed of through sales for U.S. dollars or foreign currencies, distribution of free samples, donations to charitable institutions in foreign countries, or, if practicable, transfer back to the United States.

B. Summary of Operations

<u>Programs</u>	<u>1962 Actual</u>	<u>1963 Estimated (millions)</u>	<u>1964 Estimated</u>
1. <u>Upland cotton export:</u>			
Quantity exported (bales)	3.7	3.2	3.4
Certificates issued	<u>\$156.2</u>	<u>\$136.0</u>	<u>\$144.5</u>
2. <u>Feed grain export:</u>			
Barley:			
Quantity exported (bu.)	20.7	--	--
Certificates issued	<u>\$3.2</u>	<u>--</u>	<u>--</u>
Corn:			
Quantity exported (bu.)	11.6	--	265.0
Certificates issued	<u>\$.8</u>	<u>--</u>	<u>\$13.2</u>
Oats:			
Quantity exported (bu.)	1.8	--	--
Certificates issued	<u>\$.2</u>	<u>--</u>	<u>--</u>
Rye:			
Quantity exported (bu.)	1.1	--	--
Certificates issued	<u>\$.4</u>	<u>--</u>	<u>--</u>
Grain sorghum:			
Quantity exported (bu.)	52.7	3.3	68.5
Certificates issued	<u>\$2.3</u>	<u>\$.1</u>	<u>\$5.5</u>
3. <u>Rice export:</u>			
Quantity exported (cwt.)	11.5	13.5	14.0
Certificates issued	<u>\$30.1</u>	<u>\$35.8</u>	<u>\$37.1</u>
4. <u>Dry milk export:</u>			
Quantity exported (lb.)	--	165.0	180.0
Certificates issued	<u>--</u>	<u>\$13.6</u>	<u>\$14.9</u>
5. <u>Wheat export:</u>			
Exports of Corporation-owned wheat (bu.)	45.4	--	--
Net cost	<u>\$24.0</u>	<u>--</u>	<u>--</u>
Wheat export payments:			
Commercial exports (bu.)	54.8	200.0	84.0
Certificates issued	<u>\$29.0</u>	<u>\$59.5</u>	<u>\$54.6</u>
Wheat flour export payments:			
Commercial exports (bu. equivalent)	5.9	8.0	7.0
Cash payments	<u>\$3.8</u>	<u>\$7.7</u>	<u>\$6.2</u>
6. <u>Cotton products export:</u>			
Equalization payments:			
Bale equivalent .....	.4	.4	.4
Payments (value)	<u>\$18.1</u>	<u>\$17.0</u>	<u>\$17.0</u>
7. <u>Agricultural products:</u>			
Trade fairs, etc. (value)	<u>\$.03</u>	<u>\$.03</u>	<u>\$.03</u>
Total, Commodity Export (net expenditures, realized loss)	<u>\$268.1</u>	<u>\$269.7</u>	<u>\$293.0</u>

III. STORAGE FACILITIES

A. Description of Current Program

1. Objective.---The purpose of this program is to provide adequate storage facilities for Corporation-owned and producer-owned commodities; to assist producers in financing the purchase of suitable mobile drying equipment to facilitate safe farm storage; and other related operations, pursuant to Sec. 5 of the Corporation's Charter Act.

2. Operations.---

a. Purchases.---Prior to fiscal year 1958, bins and granaries were purchased by the Corporation in storage deficient areas to provide emergency storage space for deliveries of producer grain at loan maturity in order that new-crop grain could be stored in warehouse space of the producer's election. Currently, no purchases of bins and granaries are contemplated for fiscal years 1963 and 1964.

b. Loans.---Producers are provided with recourse loans for financing the construction or purchase of farm storage facilities and mobile drying equipment through the ASC county committees. Loans are for a maximum period of 4 years on facilities and 3 years on equipment, payable in equal annual installments with interest at the rate of 4% a year on the unpaid balance. The amount to be loaned on new facilities is 85 percent of the out-of-pocket cost of a facility with a limitation of 50 cents per bushel of storage capacity.

As a condition of eligibility for a facility loan, farmers must be eligible for price support for the current year on all price-supported commodities produced on their farms. This is a new provision.

In determining whether or not storage is needed on farms, farmers' needs will be based on the capacity to store two years production, computed on normal yields on allotted or permitted acreage for commodities under production limitations, and on the basis of capacity to store one year's production for other price-supported commodities. Previously, this need was determined on the basis of one year's production plus one year carry-over for all commodities except cottonseed which was one year's production.

In addition to loans being available on movable or immovable conventional farm-type facilities such as bins, cribs, or buildings, oxygen-free silos or similar facilities also will be eligible under the program. Loans will not be available for immovable facilities located on railroad property. Facilities which are purchased as a complete unit must be obtained from vendors who have been approved under a Supplier's Agreement. Supplier's Agreements will be entered into by vendors with county Agricultural Stabilization and Conservation (ASC) offices.

c. Research.—The program provides for tests and experiments under the supervision of the Agricultural Marketing Service to develop improved methods for storing and conditioning Corporation-owned grain stored at bin sites.

B. Summary of Operations

	1962 <u>Actual</u>	1963 <u>Estimate</u> (millions)	1964 <u>Estimate</u>
Storage Facilities Program:	:	:	:
Loan Activity:	:	:	:
Loans outstanding at beginning of year	: \$47.4	: \$72.2	: \$84.5
Loans made	: 42.3	: 32.0	: 24.5
Loans repaid	: 17.5	: 19.7	: 21.5
Loans outstanding at end of year	: 72.2	: 84.5	: 87.5
Purchase of equipment	: .3	: .5	: .5
Realized loss	: <u>a/</u>	: .1	: .1
a/ Less than \$50,000			

IV. SUPPLY AND FOREIGN PURCHASE

A. Description of Current Program

1. Objective.—Under its Charter Act, the Corporation procures agricultural commodities in the U.S. and abroad for U.S. Government agencies (principally those administering relief programs abroad), foreign governments, international relief agencies, and to meet domestic requirements.

This program is closely coordinated with the price-support program to provide the maximum benefit to American agriculture. Sales prices are designed to reimburse the Corporation for all costs incident to carrying out the program pursuant to section 4 of the act of July 16, 1943 (15 U.S.C. 713a-9). Operations not subject to this section may involve losses if such are necessary to the accomplishment of the objectives of the particular operation. Generally, purchases are made during peak marketing seasons at the best price obtainable at either an announced price or on an offer-and-acceptance basis in quantities, although purchases may also be made under formal competitive bids.

2. Operations.—Purchases, except for a Federal agency, require (1) a firm requisition or contract, and (2) a deposit with the Corporation of cash or its equivalent, or other acceptable financial arrangements. Purchases for Federal agencies require a firm written order. Purchases may be made in advance of firm commitments and deposit of cash only as approved by the Board of Directors. In addition, they may authorize the purchase and stockpiling of commodities in the interest of the national security.

The main activity now carried on is procurement for other Government agencies of certain specialized commodities which are not in the Corporation's inventory.

In conjunction with Agricultural Research Service, the Corporation is conducting a program wherein limited supplies of breeder, foundation and registered seeds are purchased and maintained in order to increase the seed supplies of improved varieties of grasses and legumes for American farmers.

B. Summary of Operations

	1962 <u>Actual</u>	1963 <u>Estimate</u> (millions)	1964 <u>Estimate</u>
Inventory at beginning of year	\$.5	\$.3	\$.1
Purchase of commodities .....	.1	.2	.2
Sales:			
Cost value .....	.3	.4	.2
Proceeds .....	.3	.4	.2
Inventory at end of year .....	.3	.1	.1
Other receipts	4.5	2.5	2.5
Other expenditures	-	.5	.5
Net receipts	4.7	2.2	2.0
Net gain	4.5	2.0	2.0

V. SPECIAL PROGRAMS FOR FEED GRAINS, 1961, 1962, AND 1963 CROPS (FINANCED BY COMMODITY CREDIT CORPORATION)

A. Description of Current Program

Public Law 87-5 authorized a special feed grain program providing for payments to producers for diverting acres on a voluntary basis from the 1961 crops of corn and grain sorghum. The Agricultural Act of 1961 (P.L. 87-128) authorized a payment program for the 1962 crop similar to the 1961 program and added barley.

The Food and Agriculture Act of 1962 (P.L. 87-703) authorized a diversion payment program for the 1963 crop of corn, grain sorghum, and barley.

Principal points of the 1963 feed grain program for producers of corn, grain sorghum and barley are:

Participation is voluntary.

Farmers may take part by reducing the total of their 1963 feed grain acreage by at least 20 percent, the minimum diversion for participation. The maximum diversion is 40 percent of the base acreage or 25 acres, whichever is higher.

The acreage of corn, grain sorghum, and barley (1959-60 average acreage, as adjusted) will be combined into one total feed grain base for each farm. A farmer may choose to divert one or more of the feed grains in this total base and his payment will be made at the per-acre rate for the particular grain or grains diverted. Farmers who have planted their 1963 barley crop this fall will be able to participate in the 1963 program by reducing their total feed

grain acreage by at least 20 percent.

In a change from the 1962 program, farmers to be eligible for any payments or price support on any of the three feed grains must divert the total acreage signed up.

Diverted acreages will be devoted to a conserving use and will be in addition to the average acreage of conserving and idle land on the farm for 1959 and 1960.

Payment on the first 20 percent of acreage diversion will be made at 20 percent of the county support rate (reflecting national average of \$1.25 per bushel for corn, \$2.00 per hundredweight for grain sorghum, and 96 cents per bushel for barley) on the normal production of the diverted acres.

On diversion above the minimum amount, payment will be at 50 percent of the county support rate.

Special provisions are made for small farms. The payment rate for acreage diverted will be 50 percent of the county support rate on the normal production of the diverted acres, for farms on which the entire feed grain base acreage is diverted up to the eligible maximum of 25 acres.

B. SUMMARY OF OPERATIONS

ACREAGE DIVERSION PAYMENTS (Millions)

		: Acres :	Fiscal Years				: Total
Commodity and Crop Year		: Diverted:					: (Crop Year)
		: for :	1961	1962	1963	1964	
		: Payment:	Actual	Actual	Estimate	Estimate:	
Corn:	1961	: 19.1	: \$270.2	: \$375.8	: -	: -	: \$646.0
	1962	: 20.8	: -	: 287.7	: \$387.3	: -	: 675.0
	1963	: 18.0	: -	: -	: 184.0	: \$185.0	: 369.0
Total (fiscal year)	.....	: 57.9	: 270.2	: 663.5	: 571.3	: 185.0	: 1,690.0
Grain Sorghum:	1961	: 6.1	: 63.0	: 73.5	: -	: -	: 136.5
	1962	: 6.0	: -	: 55.0	: 74.0	: -	: 129.0
	1963	: 5.0	: -	: -	: 32.0	: 33.0	: 65.0
Total (fiscal year)	.....	: 17.1	: 63.0	: 128.5	: 106.0	: 33.0	: 330.5
Barley:	1961	: -	: -	: -	: -	: -	: -
	1962	: 2.7	: -	: 11.0	: 27.0	: -	: 38.0
	1963	: 2.4	: -	: -	: 8.0	: 9.0	: 17.0
Total (fiscal year)	.....	: 5.1	: -	: 11.0	: 35.0	: 9.0	: 55.0
Total feed grain:	1961	: 25.2	: 333.2	: 449.3	: -	: -	: 782.5
	1962	: 29.5	: -	: 353.7	: 488.3	: -	: 842.0
	1963	: 25.4	: -	: -	: 224.0	: 227.0	: 451.0
Total (fiscal year)	.....	: 80.1	: 333.2	: 803.0	: 712.3	: 227.0	: 2,075.5
CUMULATIVE	.....	: xxx	: 333.2	: 1,136.2	: 1,848.5	: 2,075.5	: xxx

VI. WHEAT STABILIZATION PROGRAM
(FINANCED BY COMMODITY CREDIT CORPORATION)

A. Description of Current Program

Title I of the Agricultural Act of 1961, Public Law 87-128 (75 Stat. 296-301), provides for payments to producers who divert acreage from wheat to approved conservation practices or uses.

Title III of the Food and Agriculture Act of 1962, Public Law 87-703, approved September 27, 1962, provides for similar payments to producers for diverting acreage from the 1963, 1964 and 1965 crops of wheat.

Payments in cash or in kind are made by Commodity Credit Corporation. The per-acre payment for taking wheat acres out of production is based on the yield of wheat for the farm and the local price support rate for wheat. The county Agricultural Stabilization and Conservation committee will establish a per-acre wheat yield for each farm (based on 1959-1960). The payment rate will be the yield per acre multiplied by one-half the county price support loan rate for wheat. The payment rate is then multiplied by the total acres taken out of wheat production in compliance with the program to determine the total payment for the farm.

Farmers with wheat allotments of 15 acres or more may take out of production a minimum of 20 percent and a maximum of 50 percent of their wheat allotments; 10 acres may be diverted if this is larger than 50 percent of their wheat allotment. For these farmers to receive all the benefits and payments, they must take at least 20 percent of their wheat allotments out of production and use those acres for conservation purposes.

For farmers with a wheat allotment of less than 15 acres, the minimum diversion is 20 percent of the larger of (a) the average acres of wheat planted for harvest in 1959, 1960, and 1961 (but not to exceed 15 acres) or (b) the 1963 allotment. The highest acreage that may be retired from wheat production is 10 acres, provided this is not larger than either (a) or (b) above. Small farms must also be within the wheat allotment to be eligible for a price support loan and the 18 cents price support payment for wheat.

B. Summary of Operations (millions)

Crop Year	Acres		Fiscal Years			Total (Crop Year)
	Diverted for Payment		1962	1963	1964	
			Actual	Estimate	Estimate	
1962	13.0	\$65.1	\$262.9	\$ -		\$328.0
1963	7.0	-	60.0	93.0		153.0
1964	14.0	-	-	80.0		250.0 a/
Total	34.0	65.1	322.9	173.0		731.0 a/
CUMULATIVE	xxx	65.1	388.0	561.0		731.0

a/ Includes final payments in 1965 estimated at \$170.0 mil.

VII. SPECIAL MILK PROGRAM
(FINANCED BY COMMODITY CREDIT CORPORATION)

A. Description of Current Program

1. Objective.—Under Public Law 85-478, as amended by Public Law 87-67, approved June 30, 1961 (7 U.S.C. 11446, note), the Commodity Credit Corporation provides funds to finance a special milk program to increase milk consumption by children in nonprofit schools and child-care institutions. Maximum authorizations for fiscal years 1960, 1961, and 1962 are \$85 million, \$95 million, and \$105 million, respectively.

2. Operations.—Payments are made through the facilities of the School Lunch Program administered by the Agricultural Marketing Service upon certification of use of additional milk by local schools or institutions.

Public Law 85-478, as amended, provides that for fiscal year 1961, the Corporation shall be reimbursed by a separate appropriation for any amounts advanced by it under this program. The 1963 budget included a separate appropriation for 1962 costs. Previously reimbursement was effected through the general restoration of capital impairment.

Public Law 85-478, as amended by the Agricultural Act of 1961 (P.L. 87-28) provides annual appropriations to the Secretary of Agriculture through June 30, 1967, so that Commodity Credit Corporation financing will not be required after the fiscal year 1962. Beginning with the 1963 fiscal year, a separate appropriation is included under the Agricultural Marketing Service.

B. Summary of Operations

	1962 <u>Actual</u>	1963 <u>Estimate</u>	1964 <u>Estimate</u>
		(millions)	
Net expenditures:			
Program	\$90.6	—	—
Interest	1.4	—	—
Administrative .....	.6	—	—
Subtotal	92.6	—	—
Prior year adjustments (net receipts*) ..	.9*	\$1.2*	—
Total	91.7	1.2*	—

VIII. SPECIAL ACTIVITIES

In addition to the special activities for which specific annual appropriations are made to the Corporation, discussed in other sections under "Foreign Assistance Programs" and "Reimbursement to Commodity Credit Corporation, National Wool Act," the following operations are also financed by the Corporation pursuant to specific provisions of law. A description of each activity and the specific method of financing follows:

A. Military Housing (Barter and exchange)

1. Description of current program.--Under provisions of the Corporation's Charter Act negotiations were completed in 1957 involving exchange of \$50 million worth of Commodity Credit Corporation-owned surplus agricultural commodities acquired under the price-support program for construction of military housing in France. Costs incurred under this program represent the Corporation's investment in the commodities exchanged. No interest is charged on the Corporation's investment in this housing. Under a long-term agreement between the Corporation and the Department of Defense, Commodity Credit Corporation is to be reimbursed for the export value of commodities exchanged from proceeds from rental receipts and quarters allowances (5 U.S.C. 1712-1).

The Corporation's investment in French military housing at June 30, 1962, was \$49,361 thousand. At the present rate of reimbursement, it is apparent that the Corporation's investment in this asset would not be liquidated for over 20 years.

2. Summary of Operations.--

Activity	: 1962	: 1963	: 1964
	: Actual	: Estimated	: Estimated
	(In thousands)		
Costs incurred (completed prior to 1962)	:	:	:
Reimbursements:	:	:	:
Rental receipts	\$1,859:	\$2,747:	\$4,000
Prior year adjustments	- :	304:	-
	:	:	:
Total net receipts (*)	*1,859:	*3,051:	*4,000

B. Grain for Migratory Waterfowl

1. Description of current program.--Pursuant to the Act of July 3, 1956 (7 U.S.C. 422 et seq.), the Commodity Credit Corporation transfers to the Secretary of the Interior, upon his requisition, corn, wheat, or other grains acquired from price-support operations and certified by the Corporation to be

unfit for human consumption or otherwise available for transfer. Grain transferred is used to lure migratory waterfowl away from crop depredations. Authority for this program is continuous and indefinite. Costs incurred under this program represent the Corporation's investment in the commodities transferred.

Funds are appropriated to the Department of Interior for this program. These funds remain available until expended and are to reimburse the Corporation for its investment in the grain furnished.

2. Summary of Operations.--

<u>Activity</u>	1962 <u>Actual</u>	1963 <u>Estimated</u> (Thousands)	1964 <u>Estimated</u>
Commodities transferred:			
Quantity (bu.)	67	16	27
Value	\$158	\$35.4	\$60
Advances and reimbursements from Department of the Interior	\$35	\$35.0	\$200
Total net expenditures or receipts (*)	133	.4	*140

C. Surplus Grain for Game Birds

1. Description of current program.--

a. Migratory birds.--The Secretary of the Interior under Public Law 87-152, approved August 17, 1961 (75 Stat. 389), is authorized to requisition Commodity Credit Corporation grain for feeding starving migratory birds. The estimates assume that the Department of the Interior will include an item in its budget for fiscal year 1964 to reimburse the Corporation for unrecovered costs through June 30, 1964.

b. Resident game birds.--Any State, under Public Law 87-152, cited above, upon the finding of the Secretary of the Interior that resident game birds and other resident wildlife are threatened with starvation, may also requisition grain from Corporation stocks. Appropriations will be included in a subsequent budget to cover costs incurred under this program.

2. Summary of operations.--

<u>Activity</u>	1962 <u>Actual</u>	1963 <u>Estimated</u> (Thousands)	1964 <u>Estimated</u>
a. Commodities transferred to Department of the Interior:			
Quantity (bu.)	1	1	2
Value	\$3	\$2	\$5
Advances and reimbursements from the Department of the Interior	-	5	5
Total net expenditures or receipts	<u>3</u>	<u>*3</u>	<u>-</u>
b. Commodities transferred to States:			
Quantity (bu.)	77	80	80
Value	<u>\$176</u>	<u>\$181</u>	<u>\$180</u>
c. Total net expenditures	<u>179</u>	<u>178</u>	<u>180</u>

D. Soil Bank Program

1. Description of current program.--The Soil Bank Act (7 U.S.C. 1801, et seq.) authorized acreage reserve and conservation reserve programs to assist farmers to divert a portion of their cropland from the production of excessive supplies of agricultural commodities and to carry out soil, water, forest, and wildlife conservation practices. The Secretary of Agriculture was authorized to use the facilities of the Commodity Credit Corporation in administering the programs.

Prior to June 30, 1957, Corporation funds were advanced to carry out these programs. Beginning with the 1958 fiscal year, the Corporation received funds in advance from Soil Bank appropriations. Unused advances at the end of each fiscal year remain in the Corporation's accounts for payments in the next year under existing contracts.

a. Acreage Reserve Program.--Under this program, producers were compensated for reducing their acreages of 1956, 1957, and 1958 crops of basic commodities through negotiable certificates redeemable either in cash or in Corporation-owned grain. This program is in process of liquidation.

b. Conservation Reserve Program.--Under this program, producers are compensated for removing cropland from production and establishing long-range conservation practices through cost-sharing assistance and annual payments. Contracts of three to ten years' duration were negotiated during the calendar years 1956-1960. The period for entering into contracts expired with the 1960 program. Details of the program and financing are described under "Agricultural Stabilization and Conservation Service, Conservation Reserve Program," in these Explanatory Notes.

Beginning with the fiscal year 1961, the Appropriation Act provides under the item "Conservation Reserve Program" that unexpended balances of prior year funds heretofore appropriated shall remain available until expended.

2. Summary of Financing, 1956 - 1964.--

(thousands)

Item	1956-1957	1958	1959	1960	1961	1962	1963 Estimated	1964 Estimated
Advanced from Commodity Credit Corporation ...	\$545,020	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxx
Repaid from 1958 appro- priation	a/ -565,927	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxx
Advanced to Commodity Credit Corporation from annual appropriations	xxx	\$602,493	\$742,137	\$316,560	\$319,422	\$323,403	\$307,720	\$294,000
Sight drafts issued by CCC	-545,020	-563,397	-746,513	-306,921	-351,507	-333,581	-309,816	-294,000
Unused advances retained by the Corporation for use in future years ..	xxx	39,096	34,720	44,359	12,274	2,096	-	-

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a/ Includes \$20,907 thousand for interest.

E. Land-use Adjustment

1. Description of current programs.--Pursuant to section 101 of the Food and Agriculture Act of 1962, approved September 27, 1962, Public Law 87-703, the Secretary is authorized to utilize the services, facilities, and authorities of the Commodity Credit Corporation for the purpose of making disbursements to producers under programs formulated pursuant to sections 8 and 16(e) of the Soil Conservation and Domestic Allotment Act, as amended.

F. Transfer of Long-Staple Cotton from National Stockpile for Sale by
Commodity Credit Corporation

1. Description of current program.--Under Public Law 85-96 (71 Stat. 290), 50,000 bales of extra-long staple cotton were transferred to Commodity Credit Corporation's inventory in 1957 from the National stockpile for sale by the Corporation. Under Public Law 87-548 (76 Stat. 218), approved July 25, 1962, Commodity Credit Corporation was given custodial and disposal authority of the 219,000 bales remaining in the stockpile. These transfers were made at no cost to the Corporation. Sales proceeds less administrative expenses and transportation and maintenance costs incurred in financing sales are covered into the Treasury as miscellaneous receipts.

2. Summary of Operations.--Of the 50,000 bales transferred in 1957, 43,778 were sold through June 30, 1962. It is estimated that the remaining 6,222 bales will be sold in the fiscal year 1963 plus 13,778 bales acquired under Public Law 87-548. The estimates also reflect the sale in fiscal year 1964 of 1,400 bales of cotton transferred to the Corporation's inventory by Public Law 87-548. The following table reflects expenditures and receipts of the Corporation in financing sales:

(Thousands)			
Activity	1962 Actual	1963 Estimated	1964 Estimated
Sales proceeds	\$4,515	\$6,100	\$427
Costs incurred	33	568	533
Amounts covered into Treasury as miscellaneous receipts	6,427	6,004	-
Total net expenditures	1,945	472	106

G. Loans to Secretary of Agriculture for Conservation Purposes

1. Description of current program.--Section 391(c) of the Agricultural Act of 1938, as amended (7 U.S.C. 1391) provides a means whereby the Commodity Credit Corporation advances funds in the form of loans to the Secretary of Agriculture for the purchase of conservation materials and services in advance of the agricultural conservation program appropriation made therefor.

Loans in amounts not to exceed \$50 million in each fiscal year are authorized for advance payments to farmers for conservation materials and services in connection with programs applicable to crops harvested in the calendar year in which the fiscal year ends and for administrative expenses of county agricultural conservation associations for the calendar year in which the fiscal year ends.

Loans are repaid with interest during the succeeding fiscal year from the ACP appropriation available for that year or from any unobligated balances from prior year appropriations.

2. Summary of Operations.

(thousands)			
Activity	: 1962 : : Actual	: 1963 : : Estimated	: 1964 : : Estimated
Balance at start of year	\$30,200	\$42,100	\$50,000
Add loans made	50,000	50,000	38,000
Less repayments	38,100	42,100	50,000
Balance at end of year	42,100	50,000	38,000
Net expenditures or receipts (*)	11,900	7,900	12,000*

IX. EXPENSES DISTRIBUTED TO PROGRAMS

Included in the foregoing programs were expenses in connection with the acquisition, operation, maintenance, improvement, or disposition of property which the Corporation owns or in which it has an interest, which have been treated on the Corporation's books as program rather than administrative expenses. Such expenses include inspection, classing and grading work performed on a fee basis by Federal employees or Federal- or State-licensed inspectors and work performed on a contract basis by Agricultural Stabilization and Conservation County Committees. Similarly, expenses of other Federal agencies whose services are utilized in the handling of Commodity Credit Corporation property are treated as program expenses. These include the fleet storage operation of the Maritime Administration, the services rendered by the General Services Administration in connection with the strategic, critical and other materials acquired by the Corporation, and tests and experiments conducted by the Agricultural Marketing Service and the Agricultural Research Service in connection with the management of the Corporation's inventories. Such expenses are included in program costs applicable to the particular commodities handled.

As of June 30, 1961, the carrying charges incurred for storage, handling, and transportation in connection with Commodity Credit Corporation inventories of commodities are treated as expense items instead of adding these charges to the inventory values of commodities as was done prior to this date. Included in these carrying charges are the transfers made from corporation program funds to the consolidated appropriation "Expenses, Agricultural Stabilization and Conservation Service" for maintaining grain in corporation-owned bins and for other program operations of the Corporation.

(c) The wool and mohair program under the National Wool Act of 1954 for which reimbursement is obtained by appropriation.

(d) The sale of long staple cotton transferred from the national stockpile to the domestic market for export purposes shall be made on a non-discriminatory basis. The sale of long staple cotton shall be made on a non-discriminatory basis to the domestic market for export purposes. The sale of long staple cotton shall be made on a non-discriminatory basis to the domestic market for export purposes.

b. Interest expense. Ord. 440

(1) Subject to limitation--These are for the operating and the operating staff including the special investigations funds, the funds for the special investigations and the funds for the special investigations and the funds for the special investigations.

c. Purchase (depreciation) of administrative equipment.--This includes office furniture and fixtures, office machines, ~~and other articles and~~ purchases are treated as operating expenses and are fully depreciated immediately after purchase, except the ~~costs of major purchases of equipment~~ (especially electronic data processing equipment) which is depreciated over a period covering the estimated ~~useful~~ life of such equipment.

d. Other expense. This covers such items as:

b. Other income-- This includes income from sale of nonexpendable assets. This income is reported on Form 990-B, not Form 990-E. For purposes of the 10% rule, this income is treated as if it were received in the year the asset was sold.

(a) Federal Reserve Banks.--Pursuant to Public Law 151, 78th Congress (12 U.S.C. 395), these banks are authorized to act as depositories for the United States Treasury and for the Federal Reserve Bank of New York, and to act as agents for the Treasury in the sale of government securities. The Corporation reimburses the banks monthly.

(1) Interest at 3% on nonrecourse commodity loans for 6% commission on payments for purchase and sale of foreign exchange and interest on payments for purchase and sale of foreign exchange and interest on payments for purchase and sale of foreign exchange.

(d) Feed grain and wheat programs: This includes interest income, a.

- | 1. | 2. | 3. | 4. | 5. | 6. | 7. | 8. | 9. | 10. | 11. | 12. | 13. | 14. | 15. | 16. | 17. | 18. | 19. | 20. | 21. | 22. | 23. | 24. | 25. | 26. | 27. | 28. | 29. | 30. | 31. | 32. | 33. | 34. | 35. | 36. | 37. | 38. | 39. | 40. | 41. | 42. | 43. | 44. | 45. | 46. | 47. | 48. | 49. | 50. | 51. | 52. | 53. | 54. | 55. | 56. | 57. | 58. | 59. | 60. | 61. | 62. | 63. | 64. | 65. | 66. | 67. | 68. | 69. | 70. | 71. | 72. | 73. | 74. | 75. | 76. | 77. | 78. | 79. | 80. | 81. | 82. | 83. | 84. | 85. | 86. | 87. | 88. | 89. | 90. | 91. | 92. | 93. | 94. | 95. | 96. | 97. | 98. | 99. | 100. |
|----|----|----|----|----|----|----|----|----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|
| 1. | 2. | 3. | 4. | 5. | 6. | 7. | 8. | 9. | 10. | 11. | 12. | 13. | 14. | 15. | 16. | 17. | 18. | 19. | 20. | 21. | 22. | 23. | 24. | 25. | 26. | 27. | 28. | 29. | 30. | 31. | 32. | 33. | 34. | 35. | 36. | 37. | 38. | 39. | 40. | 41. | 42. | 43. | 44. | 45. | 46. | 47. | 48. | 49. | 50. | 51. | 52. | 53. | 54. | 55. | 56. | 57. | 58. | 59. | 60. | 61. | 62. | 63. | 64. | 65. | 66. | 67. | 68. | 69. | 70. | 71. | 72. | 73. | 74. | 75. | 76. | 77. | 78. | 79. | 80. | 81. | 82. | 83. | 84. | 85. | 86. | 87. | 88. | 89. | 90. | 91. | 92. | 93. | 94. | 95. | 96. | 97. | 98. | 99. | 100. |

2. Expenses of the 1963-64 stored grains and wheat programs through June 30, 1963.

(2) Accounts and notes receivable charged off.--This represents uncollectible amounts.

(3) Miscellaneous expense.---This includes such expenses incident to claims, and other expenses not allocated to a specific program.

C. Summary of Operations

	1962	1963	1964
<u>Income</u>	<u>Actual</u>	<u>Estimated</u> (millions)	<u>Estimated</u>
Interest income	\$58.8	\$68.8	\$63.7
Other	<u>1.5</u>	<u>2.5</u>	<u>2.6</u>
Total income not distributed to specific programs	<u>60.3</u>	<u>71.3</u>	<u>66.3</u>
<u>Expense</u>			
Administrative expense:			
Subject to limitation:			
Limitation (excluding special milk)	(\$47.1)	(\$43.2)	(\$43.9)
Reserve or unobligated	(7.6)	(1.3)	(3.3)
Obligations (excluding special milk) ...	39.5	41.9	a/ 40.6
Reimbursable .....	.6	a/ 1.6	a/ 1.7
Purchase of administrative equipment	<u>2.4</u>	<u>2.6</u>	<u>.4</u>
Total, administrative expenses	<u>42.5</u>	<u>46.1</u>	<u>42.7</u>
Nonadministrative expense:			
ASC County Offices:			
Price support and related programs	10.8	10.0	10.0
Special feed grain program	19.4	17.3	-
Wheat stabilization program	12.8	12.7	-
Other	<u>.7*</u>	<u>-</u>	<u>-</u>
Subtotal, ASC Offices	42.3	a/ 40.0	a/ 10.0
Federal Reserve Banks .....	.3	.4	.3
Loan servicing agencies .....	.7	.5	.5
Loss on accounts receivable charged off ..	.8	.9	.9
Other expenses .....	.2	.3	.3
CCC funds for transfer to expenses, ASCS a/	-	3.9	3.9
Total, nonadministrative expenses	<u>44.3</u>	<u>46.0</u>	<u>15.9</u>
Interest expense:			
Treasury Department	\$329.6	\$317.6	\$316.1
Loan financing expense	<u>19.8</u>	<u>14.2</u>	<u>9.6</u>
Total, interest expense	<u>349.4</u>	<u>331.8</u>	<u>325.7</u>
Total expense not distributed to specific programs	<u>436.2</u>	<u>423.9</u>	<u>384.3</u>

a/ Expenditures against Advances to "Expenses, Agricultural Stabilization and Conservation Service."

D. Summary of Income and Expense

	1962	1963	1964
	<u>Actual</u>	<u>Estimated</u> (millions)	<u>Estimated</u>
Total income not distributed to specific programs	<u>\$60.3</u>	<u>\$71.3</u>	<u>\$66.3</u>
Total expense not distributed to specific programs	<u>436.2</u>	<u>423.9</u>	<u>384.3</u>
Net expense	<u>\$375.9</u>	<u>\$352.6</u>	<u>\$318.0</u>

* Denotes receipt.

(b) Reimbursement to Commodity Credit Corporation for
Costs of Foreign Assistance and Other Special Activities

PROJECT STATEMENT

(On basis of appropriations)

Project	1962 Appropriation: (1961 Costs)	1963 (estimated)	1964 (estimated)
1. International Wheat Agreement	\$88,790,000	- -	- -
2. Commodities disposed of for emergency famine relief to friendly peoples	255,685,000	- -	- -
3. Sales of surplus agricultural commodities for foreign currencies ..	1,353,000,000	- -	- -
4. Grain for migratory waterfowl	13,000	- -	- -
5. Transfer of bartered materials to supplemental stockpile	163,163,000	- -	- -
6. Advance to Agricultural Marketing Service for classing cotton and grading tobacco	1,264,000		
Total appropriation or estimate	1,861,915,000	- -	- -

EXPLANATORY STATEMENT

This appropriation was provided in the 1962 Appropriation Act to reimburse the Commodity Credit Corporation for part of the 1961 costs of the various programs itemized above.

The 1962 Appropriation Act also established a separate category of "Foreign Assistance Programs" for the current appropriation of estimated costs under Public Law 480, the International Wheat Agreement, and the Public Law 540 bartered materials program. The estimates for these programs are described in detail under "Foreign Assistance Programs". In addition, amounts formerly appropriated under this head for transfers to the Agricultural Marketing Service for grading tobacco and classing cotton and for expenses of supplying grain to the Department of the Interior for migratory waterfowl feed are appropriated directly to these agencies.

(c) Reimbursement to Commodity Credit Corporation
for Costs of Special Milk Program

Appropriation Act, 1963 (for 1962 program costs)	\$95,000,000
Proposed transfers, 1963, to other appropriations, for increased pay costs	-2,617,000
Base for 1964	92,383,000
Budget estimate, 1964	-
Decrease (Due to liquidation of 1962 costs)	-92,383,000

PROJECT STATEMENT

Project	1962 :(1961 costs):	1963 :(1962 costs):	1964
Program payments	\$84,204,844	\$89,385,083	-
Interest	1,642,621	1,400,019	-
Operating expenses	652,535	614,898	-
Subtotal	86,500,000	91,400,000	-
Unobligated balance lapsing	3,500,000	983,000	-
Total available or estimate	90,000,000	92,383,000	-
Transferred to other appropriations	:	:	:
for increased pay costs	-	2,617,000	-
Total appropriation or estimate	90,000,000	95,000,000	-

EXPLANATION OF ESTIMATE

Up to and including the fiscal year 1960 program, the Commodity Credit Corporation has included in its annual appropriation for reimbursement of net realized losses the costs of the Special Milk Program. However, Public Law 86-446, approved April 29, 1960, required that the Corporation be reimbursed for advances under this program during the fiscal year 1961 by an appropriation separate from any other appropriation or fund available to the Corporation. This separate appropriation was included in the Department of Agriculture and Related Agencies Appropriation Act, 1962.

Public Law 87-67, approved June 30, 1961, amended P.L. 86-446 to provide ".... for the fiscal year beginning July 1, 1961, not to exceed \$105,000,000" for this program. The Department of Agriculture and Related Agencies Appropriation Act, 1963, provided \$95 million for 1962 costs.

The Agricultural Act of 1961, (Public Law 87-128), approved August 8, 1961, provides that there be appropriated for the fiscal year beginning July 1, 1962, and for each of the four fiscal years thereafter, such sums as may be necessary to enable the Secretary of Agriculture to encourage consumption of fluid milk by children in the United States. Explanations of the current program and justification of appropriations are now included in these Explanatory Notes under the Agricultural Marketing Service, which administers the program.

(d) Administrative Expenses, Commodity Credit Corporation

Appropriation Act, 1963 and base for 1964	\$43,188,500
Budget Estimate, 1964	43,875,000
Increase	<u>+686,500</u>

Note: The 1964 budget proposes to consolidate into one account all the funds used for administrative expenses by the Agricultural Stabilization and Conservation Service in order to simplify budgeting, accounting and administration. On this basis, the funds heretofore used under the account "Administrative expenses, Commodity Credit Corporation" would be transferred and merged with other funds available to the Agricultural Stabilization and Conservation Service for such expenses. In addition, the budget proposes to transfer to the appropriation item "Salaries and expenses, Foreign Agricultural Service" the funds heretofore allotted to that agency from "Administrative expenses, Commodity Credit Corporation."

The following project statement therefore reflects the total funds proposed to be used for administrative expenses of the Commodity Credit Corporation and which are proposed to be transferred to the accounts indicated. An explanation of the funds required for 1964 is included in Volume 2 of these Explanatory Notes under the respective agencies indicated.

PROJECT STATEMENT

Project	1962	1963 :(estimated)	Increase: or Decrease:	1964 :(estimated)
Transfer to "Expenses, Agricultural Stabilization and Conservation Service"	\$46,366,000:	\$41,638,500:	+\$637,500:	\$42,276,000
Transfer to "Salaries and expenses, Foreign Agricultural Service"	1,035,000:	1,265,000:	+152,000:	1,417,000
Unused balance of limitation for expansion of the sales program	515,000:	285,000:	-103,000:	182,000
Total available or estimate ..	47,916,000:	43,188,500:	+686,500:	43,875,000

(e) National Wool Act

Appropriation, 1963 and base for 1964	\$69,164,861
Budget Estimate, 1964	69,000,000
Decrease in reimbursement to CCC	<u>-164,861</u>

PROJECT STATEMENT

Project	1962	1963	Decrease	1964 (estimated)
Reimbursement to Commodity Credit Corporation for expenditures under National Wool Act (Appropriation or estimate)	\$75,277,593	\$69,164,861	-\$164,861	\$69,000,000

DECREASE

The decrease of \$164,861 is the difference between the estimated maximum reimbursement authorized in the fiscal year 1964 and the amount of reimbursement in the fiscal year 1963 for costs incurred under the National Wool Act during the fiscal year 1962 and prior years.

Wool payments for the 1961 marketing year program - made in the fiscal year 1963- are estimated to total \$56.9 million. This amount consists of estimated payments of \$47.4 million on approximately 248 million pounds of shorn wool at an average rate of 19.1¢ per pound, and price support payments of \$9.5 million on 12.5 million cwt. of unshorn lambs sold. Wool for unshorn lambs sold is supported on a basis comparable to that for shorn wool. Operating expenses and interest charges are expected to bring the total costs of the wool program for the 1961 marketing year to \$62.9 million. For this and other amounts expended in prior years not previously recovered, the basic statute provides for reimbursement to the Commodity Credit Corporation to the extent of 70% of the duties on wool and wool manufactures collected in the preceding calendar year.

Unrecovered costs will remain on the books of the Corporation until subsequent appropriations become available. At the current rate of duties collected, it is anticipated that full reimbursement for costs during the fiscal year 1963 (1961 marketing year) and for prior years will not be received until the fiscal year 1965.

Following are total duties collected on wool and wool manufactures during the calendar year 1961, and 70% of such duties available for payments under the National Wool Act and the basis for reimbursement to the Commodity Credit Corporation:

	1963 <u>Appropriation</u>	1964 <u>Estimate</u>	<u>Decrease</u>
Total duties collected in the applicable calendar year	\$98,806,944	\$98,571,428	-\$235,516
70% of duties collected available for reimbursement to CCC	69,164,861	69,000,000	-164,861

EXPLANATION OF PROGRAM

The objective of this program is to encourage an annual domestic production of approximately 300 million pounds of shorn wool. This is accomplished by incentive payments to eligible producers on a percentage basis reflecting the amount required to bring the national average received by all producers up to the announced incentive level. The incentive level shall not exceed 110% of parity. Pulled wool is supported in a comparable relationship to shorn wool by payments on the sale of lambs that have never been shorn. Mohair is supported at a level not in excess of 15% above or below the comparable percentage of parity at which shorn wool is supported.

Payments are made to eligible producers through the Agricultural Stabilization and Conservation county offices and are financed by the Commodity Credit Corporation. The Corporation is authorized to be reimbursed for expenditures made under the wool payment program. However, such reimbursement for any fiscal year is limited to an amount equal to 70% of the gross receipts from duties collected on imports of wool and wool manufactures during the period January 1 to December 31 preceding the beginning of such fiscal year. The accumulative total of all payments made under the program at any time may not exceed an amount equal to 70% of the accumulated totals of the gross receipts from duties collected on and after January 1, 1953, on wool and wool manufactures subject to duty under schedule 11 of the Tariff Act of 1930, as amended.

Support by payments is available on domestic wool and mohair shorn on or after January 1, 1955, and marketed on or after April 1, 1963, but not later than December 31, 1963, and, on pulled wool by payments on domestic unshorn lambs marketed on or after April 1, 1963, but not later than December 31, 1963. The 1963 marketing year represents a 9-month program. Subsequent marketing year programs will be on a calendar year basis.

Costs incurred under this program comprise:

1. Payments to producers. Deductions are made from producer payments for promotional and advertising programs.
2. Operating expenses.
3. Interest expense.

Summary of Operations, 1962-1964 (incl.) fiscal years:

1960-1963 marketing years. It is estimated that payments in the fiscal year 1964 (applicable to the 1962 and 1963 marketing years) will be made on 236.4 million pounds and 175.0 million pounds of shorn wool, respectively, amounting to a total of \$78.2 million, and on 12 million

and 9 million hundredweight of unshorn lambs, respectively, amounting to a total of \$16.0 million, and on 33.6 million pounds and 21.0 million pounds of mohair, respectively, amounting to a total of \$5.3 million. The total payments to be made in the fiscal year 1964 for both the 1962 marketing year (12 months) and the 1963 marketing year (9 months) programs are estimated at \$99.5 million. This compares with estimated total payments of \$56.9 million during the 1963 fiscal year (applicable to the 1961 marketing year), consisting of approximately \$47.4 million on 248.3 million pounds of shorn wool and \$9.5 million on 12.5 million hundredweight of unshorn lambs. Actual payments made in the fiscal year 1962 (applicable to the 1960 marketing year) amounted to \$59.5 million, consisting of \$49.9 million on 249.7 million pounds of shorn wool and \$9.6 million on 11.9 million hundredweight of unshorn lambs.

1963 marketing year

The price of domestic shorn wool is supported by incentive payments to producers, based on their set sales proceeds from shorn wool marketed during the 1963 marketing year. The incentive price for the 1963 marketing year is 62¢ per pound, grease basis, which is approximately 84% of the September, 1962 parity price. The support price for pulled wool (unshorn lambs) will be figured at a rate per hundredweight of live lambs, that have never been shorn, to compensate for the wool on them at a price relationship comparable to the incentive payment rate for shorn wool. The rate of payment will be determined after the end of the marketing year when the average price received by growers for shorn wool is known and the rate of payment to bring the average price received in the open market for shorn wool up to the announced incentive level can be determined.

Price of domestic mohair is supported at 76¢ per pound. This amount is approximately 72% of the September 1962 parity price. For the first six marketing years under the National Wool Act, the support price for mohair was established at 70¢. For the 1961 and 1962 marketing years the support price was set at 73¢ and 74¢ per pound, respectively. It is estimated that payments in the 1963 marketing year will be made on approximately 21.0 million pounds of mohair at 11 cents per pound amounting to \$2.3 million.

Following are the pertinent data upon which the estimates are based:

Wool Production: The estimated U. S. production of shorn wool in 1962 is approximately 249 million pounds compared with around 261 million pounds in 1961 and about 265 million pounds in 1960. Production is expected to decline somewhat further in 1963 and remain near that level in 1964 and 1965 as a result of the decline in stock sheep numbers in 1960 and 1961.

Sales of Wool Subject to Payments: In the 1961 marketing year, sales of shorn wool subject to payments are estimated at approximately 248 million pounds, an amount equivalent to about 95% of the estimated production. Sales during the 1962 and 1963 marketing years are also estimated to be at about 95% of the estimated production in these years.

World Wool Production and Consumption: The production and consumption of wool on a world-wide basis, both at record levels, are about in balance in 1962. It is estimated this relationship will continue in 1963.

Market Prices for Wool: The average price received by wool producers in the United States during the 1961 marketing year was 42.9¢ per pound, compared with 42.0¢ per pound during the 1960 marketing year. It is estimated producers will receive 43.0¢ per pound for wool marketed in 1962 and that this rate will continue in the 1963 marketing year.

Imports and Consumption of Apparel Wool: The U. S. imports of apparel (dutiable) wools during 1961 were about 22 percent above those for 1960. This increase in imports was stimulated largely by the rising mill consumption of apparel wool and the resulting need to supplement inventories by purchases in the world markets. During the first six months of this year, imports were over 40 percent higher than a year earlier but have been declining since March. The U. S. mill consumption of apparel wool in the calendar year 1961 is about 8 percent above that for the prior calendar year.

Mohair Production: Production of mohair in the U. S. has increased by 8% from 24.4 million pounds in 1960 to 26.4 million pounds in 1961, establishing a new record. An increase of 4 percent in the number of goats in Texas January 1, 1962 compared with a year earlier, indicates that the U. S. production of mohair will increase further in 1962.

Exports of Mohair: The export of domestic mohair during 1961 was practically the same as for 1960, i.e., 16.5 million pounds. Exports for the first half of 1962, however, were more than 15 percent below the same period a year earlier.

Market Prices for Mohair: The national average price received by growers for mohair for the 1961 marketing year was 85.6¢ per pound. With the production of mohair continuing to increase and with exports off to a lower level than in the peak year of 1959, it is estimated that the prices to be received for mohair in 1962 and 1963 marketing years will be lower than in 1961. The currently projected price for mohair of 65¢ per pound during the 1962 and 1963 marketing years is well below the support levels of 74 cents and 76 cents, respectively, for these marketing years.

The following tables reflect costs and reimbursements under the National Wool Act, and the detail of payments, by states, for the 1960 and 1961 marketing years:

Expenditures and Reimbursements to CCC Under the National Wool Act

	F. Y. 1962	F. Y. 1963	Fiscal Year 1964	F. Y. 1965
	(1960 Mktg. Yr.) (actual)	(1961 Mktg. Yr.) (est.)	(1962 Mktg. Yr.) (est.)	(1964 Mktg. Yr.) (est.)
Volume of marketings:				
Lbs. shorn wool	249,700,000	248,300,000	236,400,000	175,000,000
Cwt. unshorn lambs	11,937,000	12,500,000	12,000,000	9,000,000
Lbs. Mohair	-	-	33,568,000	21,000,000
Inventive or support level:				
Price per pound of wool	62.0¢	62.0¢	62.0¢	62.0¢
Price per pound of Mohair	-	73.0¢	74.0¢	76.0¢
Percent of parity - wool	86	84	83	83
Percent of parity - mohair	-	72	70	71
Payments under Act: Rates:				
Shorn wool per pound	20.0¢	19.1¢	19.0¢	19.0¢
Unshorn lambs, per cwt.	80.0¢	76.0¢	76.0¢	76.0¢
Mohair, per pound	-	-	9.0¢	11.0¢
Amount of payments:				
Shorn wool	\$49,940,073	\$47,425,300	\$44,916,160	\$33,250,000
Unshorn lambs	9,549,679	9,500,000	9,120,000	6,840,000
Mohair	-	-	3,021,120	2,310,000
Total payments	\$59,489,752	\$56,925,300	57,057,280	42,400,000
Administrative expenses	2,896,927	3,300,000	\$99,457,280	\$56,219,000
Interest expense	2,960,170	2,719,980	4,000,000	3,500,000
Prior year adjustments	+205	-	2,763,720	2,516,000
Current year expenditures	\$65,347,054	\$62,945,280	\$106,221,000	\$62,235,000
Unrecovered balance - prior years	120,676,120	110,745,581	104,526,000	141,747,000
Total cumulative unrecovered balance	186,023,174	173,690,861	210,747,000	203,982,000
Reimbursement to CCC (70% of wool duty collections in preceding Calendar year) ...	75,277,593	69,164,861	69,000,000	69,000,000
Unrecovered balance end of year	110,745,581	104,526,000	141,747,000	134,982,000
Availability for payments -				
70% of wool duty collections, by calendar Yrs.	75,277,593	69,164,861	69,000,000	69,000,000
Cumulative wool duty collections from 1/1/53	433,501,934	502,666,795	571,666,795	640,666,795
Cumulative payments made	324,137,347	381,062,647	480,519,927	536,738,927
Balance available, end of fiscal year	109,364,587	121,604,148	91,146,868	103,927,868

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Payments, by States, Under the
1960 Wool Program through June 30, 1962

State	Shorn Wool		Unshorn Lambs		Total Payments	Promotion Deduction	Payments to Producers
	Pounds (Thous.)	Payments	Pounds (Thous.)	Payments			
Ala.	146	\$34,270	697	\$5,559	\$39,829	\$1,808	\$38,021
Alaska	36	5,449	-	-	5,449	355	5,094
Arizona	3,790	597,285	10,741	85,245	682,530	40,873	641,657
Arkansas	214	41,322	893	7,117	48,439	2,562	45,877
Calif.	19,028	3,650,244	74,099	601,396	4,251,640	214,889	4,036,751
Colo.	14,702	2,704,283	132,460	802,448	3,506,731	185,978	3,320,753
Conn.	30	6,030	12	880	6,910	304	6,606
Del.	17	3,969	92	735	4,704	217	4,487
Florida	19	3,511	7	77	3,588	191	3,397
Georgia	101	21,728	483	3,769	25,497	1,246	24,251
Hawaii	72	11,258	-	-	11,258	716	10,542
Idaho	11,832	2,275,269	105,758	721,203	2,996,472	159,590	2,836,882
Ill.	4,574	849,579	33,064	171,934	1,021,513	50,898	970,615
Indiana	3,220	654,513	19,147	122,935	777,448	39,797	737,651
Iowa	10,566	1,984,970	95,287	437,293	2,422,263	122,701	2,299,562
Kansas	354	663,424	2,427	182,402	845,826	3,221	842,605
Ky.	3,080	712,243	27,045	223,032	935,275	43,414	891,861
La.	332	69,183	343	2,623	71,806	3,425	68,381
Maine	181	45,294	559	4,428	49,722	2,082	47,640
Maryland	166	38,629	1,066	8,303	46,932	2,178	44,754
Mass.	69	16,065	28	159	16,224	693	15,531
Michigan	2,505	528,427	13,877	99,116	627,543	30,163	597,380
Minn.	6,503	1,298,746	55,088	324,203	1,622,949	80,942	1,542,007
Miss.	281	62,884	861	6,971	69,855	3,226	66,629
Missouri	5,103	1,038,553	29,653	208,495	1,247,048	62,511	1,184,537
Montana	16,423	3,244,700	89,231	653,408	3,898,108	201,428	3,696,680
Nebraska	4,724	742,148	50,407	207,344	949,492	51,140	898,352
Nevada	2,654	465,467	11,048	87,038	552,505	31,896	520,609
N. H.	27	6,571	29	1/ -290	6,281	281	6,000
N. J.	71	16,181	542	1,841	18,022	762	17,260
N. Mexico	9,775	1,760,163	28,897	222,092	1,982,255	110,269	1,871,986
New York	913	208,302	5,871	39,198	247,500	11,535	235,965
N. C.	253	63,330	1,458	10,636	73,966	3,224	70,742
N. Dakota	5,332	1,116,963	35,584	237,622	1,354,585	67,506	1,287,079
Ohio	7,988	1,599,706	32,432	238,221	1,837,927	89,305	1,748,622
Oklahoma	1,522	265,277	6,932	55,841	321,118	17,937	303,181
Oregon	7,032	1,458,862	36,118	269,715	1,728,577	84,535	1,644,042
Pa.	1,404	326,479	4,542	36,525	363,004	16,246	346,758
R. I.	11	2,641	17	134	2,775	120	2,655
S. C.	40	9,159	87	659	9,818	444	9,374
S. Dak.	14,913	3,000,771	116,552	694,712	3,695,483	188,218	3,507,265
Tenn.	1,084	256,851	10,290	81,547	338,398	15,827	322,571
Texas	55,375	10,737,536	121,612	971,169	11,708,705	597,276	11,111,429
Utah	10,849	1,976,896	74,279	503,557	2,480,453	137,517	2,342,936
Vermont	53	12,279	149	1,181	13,460	600	12,860
Va.	1,522	367,711	17,027	164,670	532,381	23,189	509,192
Wash.	2,294	454,834	15,476	110,613	565,447	29,589	535,858
W. Va.	1,333	330,114	12,755	100,859	430,973	19,604	411,369
Wisc.	1,522	333,376	10,398	67,583	400,959	19,125	381,834
Wyo.	20,986	3,866,628	105,205	773,480	4,640,108	255,816	4,384,292
Total	2/ 255,021	49,940,073	1,390,625	9,549,678	59,489,751	3,027,369	56,462,382

1/ Adjusted for refunds of over-payments in previous years.

2/ Gross unadjusted poundage.

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Payments, by States, Under the 1961
Wool Program through August 31, 1962

State	Shorn Wool Pounds (Thous.)	Payments	Unshorn Lambs Pounds (Thous.)	Payments	Total Payments	Promotion Deduction	Payments to Producers
Ala.	120	\$24,834	640	\$4,794	\$29,628	\$1,505	\$28,123
Alaska	37	5,393	-	-	5,393	370	5,023
Arizona	4,160	545,604	13,804	104,020	649,624	40,870	608,754
Arkansas	188	31,335	910	6,253	37,588	2,300	35,288
Calif.	19,105	3,452,436	65,420	485,820	3,938,256	211,251	3,727,005
Colo.	15,558	2,813,773	131,566	741,050	3,554,823	193,137	3,361,686
Conn.	26	6,009	10	75	6,084	267	5,817
Del.	14	2,886	78	593	3,479	180	3,299
Florida	18	2,779	16	125	2,904	185	2,719
Georgia	87	17,058	393	2,965	20,023	1,062	18,961
Hawaii	61	9,518	-	-	9,518	609	8,909
Idaho	10,878	2,002,330	104,986	657,805	2,660,135	149,162	2,510,973
Ill.	4,000	707,165	32,575	172,178	879,343	48,607	830,736
Indiana	2,909	547,589	17,388	106,860	654,449	35,901	618,548
Iowa	9,614	1,744,562	76,869	377,040	2,121,602	114,901	2,006,701
Kansas	5,392	760,005	35,152	218,238	978,243	61,159	917,084
Ky.	2,082	445,996	21,273	152,764	598,760	31,158	567,602
La.	283	53,347	228	1,727	55,074	2,932	52,142
Maine	186	42,648	499	3,790	46,438	2,105	44,333
Md.	156	32,390	942	7,001	39,391	2,015	37,376
Mass.	69	15,519	14	106	15,625	696	14,929
Mich.	3,341	642,757	12,910	83,173	725,930	37,221	688,709
Minn.	6,169	1,157,931	63,272	328,733	1,486,664	80,553	1,406,111
Miss.	243	48,411	769	5,869	54,280	2,789	51,491
Mo.	4,751	861,775	27,145	192,335	1,054,110	57,958	996,152
Montana	16,479	3,032,512	90,036	632,176	3,664,688	203,488	3,461,200
Nebr.	4,324	651,935	50,257	200,609	852,544	48,947	803,597
Nevada	2,577	468,517	10,396	74,257	542,774	30,482	512,292
N. H.	30	6,436	18	139	6,575	309	6,266
N. J.	63	13,914	354	510	14,424	664	13,760
N. Mex.	10,218	1,888,579	27,279	202,735	2,091,314	113,722	1,977,592
N. Y.	921	192,715	5,087	36,121	228,836	11,226	217,610
N. C.	231	53,714	1,516	11,477	65,191	3,051	62,140
N. Dak.	5,403	1,019,169	40,317	260,461	1,279,630	70,845	1,208,785
Ohio	8,213	1,337,141	29,524	177,396	1,514,537	90,599	1,423,938
Okla.	1,516	228,038	7,183	52,375	280,413	17,935	262,478
Oregon	7,069	1,312,699	34,523	247,424	1,560,123	84,388	1,475,735
Pa.	1,440	306,832	4,288	35,126	341,958	16,474	325,484
R. I.	10	2,144	14	99	2,243	102	2,141
S. C.	26	5,643	57	419	6,062	291	5,771
S. Dak.	14,383	2,673,511	122,837	694,799	3,368,310	185,913	3,182,397
Tenn.	938	208,414	9,469	70,843	279,257	14,034	265,223
Texas	51,572	10,077,699	131,008	979,402	11,057,101	567,399	10,489,702
Utah	11,383	2,045,752	73,215	468,734	2,514,486	143,835	2,370,651
Vermont	52	11,485	109	826	12,311	576	11,735
Va.	1,440	363,418	15,153	111,575	474,993	21,744	453,249
Wash.	2,974	483,509	17,634	114,308	597,817	34,179	563,638
W. Va.	1,314	311,595	9,976	72,378	383,973	18,035	365,938
Wisc.	1,539	311,229	9,211	61,052	372,281	19,158	353,123
Wyo.	22,473	4,042,458	101,170	710,346	4,752,804	269,647	4,483,157
Total	^{1/} 256,035	47,023,108	1,397,490	8,868,901	55,892,009	3,045,936	52,846,073

^{1/} Gross unadjusted poundage.

Promotional and Advertising Programs: In a September 1962 referendum called by the Secretary of Agriculture, as provided by the National Wool Act, as amended, 87.7% of wool and lamb producers voting favored continuing in effect for four more years an agreement between the Secretary and the American Sheep Producers Council, Incorporated. This agreement provides for the conduct of an extensive advertising, sales promotion and market development program for wool, sheep, or the products thereof. The expense of this program is financed from deductions from the wool payments due producers in each marketing year. The maximum rates of the deductions are one cent per pound of shorn wool marketed and five cents per hundred pounds of unshorn lamb marketed. The program is designed to improve and expand the market for the industry's products and ultimately to reduce the extent of Government price assistance required.

Receipts, from deductions and Council expenses (or, in the case of fiscal year 1963, the approved budget) are:

Receipts, 9/12/55 - 6/30/62	\$18,218,527	a/
Expenses and Commitments, 9/12/55 - 6/30/62	<u>-14,824,726</u>	b/
Balance 6/30/62	\$ 3,393,801	
 Estimated receipts from 1961 Wool Program	 3,050,000	
Budget approved fiscal year 1963	<u>-3,231,500</u>	c/
Estimated balance for future operations, 6/30/63	\$ 3,212,301	

a/ Includes \$581,118 interest and \$31,581 miscellaneous income.

b/ Includes commitments of \$121,277 not due and payable until after July 1, 1962.

c/ In addition, authority has been granted to contract during the 1963 fiscal year in an amount not to exceed \$556,250 for advertising to be released and paid for in the 1964 fiscal year.

The excess of receipts over expenditures is carried as a reserve to maintain continuity of programs through a year when the deductions may be less than the budget or when payments may not be required and no deductions are made.

Advertising and promotional contracts are entered into by the Council with private firms. These firms undertake programs under the guidance of the Council directed at creating a greater consumer demand for lamb and wool. The Council also does some work directly in this field, especially with reference to lamb merchandising. The budget for the 1963 fiscal year is divided between lamb and wool with about 59 percent of the funds allotted for advertising and promoting lamb and about 41 percent for advertising and promoting wool.

An audit is made after the end of each fiscal year by a private accounting firm in accordance with standards agreed on by the Department and the Council. In addition, the accounts of the principal contractors through which Council funds are expended are being audited by ASCS as such accounts relate to Council contracts.

FOREIGN ASSISTANCE PROGRAMS

Purpose Statement

A number of statutes provide for the facilities of the Commodity Credit Corporation to be used in carrying out programs for the exportation of surplus agricultural commodities and authorize appropriations to reimburse the Corporation for costs incurred in connection with such programs.

Prior to fiscal year 1962, the Corporation was reimbursed for the costs of these activities by direct appropriations subsequent to incurrence of the costs. Beginning in the fiscal year 1962, the Congress appropriated funds to place these activities for the most part, on a "pay-as-you-go" basis, appropriating for estimated costs in fiscal year 1962. Payments are made to the Corporation each month for estimated costs incurred. Requests for 1964 and subsequent years will include funds for each fiscal year on the same basis as for other programs of the Department.

Although appropriations are made in a specified amount for these programs, the Congress has recognized the fact that the appropriation is not fully controlling since the provisions of the basic laws involved authorize the Department to enter into agreements which commit the Government to expenditures which must be financed from subsequent appropriations. If the amounts appropriated prove to be inadequate, the Commodity Credit Corporation will still finance authorized costs which may be in excess of the appropriations provided and subsequent appropriations would include such additional amounts used. On the other hand, any unused appropriations, which remain available until expended, are used to reduce the subsequent appropriation requests for these programs.

Activities are currently being carried out under these programs pursuant to the following specific authorizations:

1. Public Law 480

- a. Sales of surplus agricultural commodities for foreign currencies. -- Under the Agricultural Trade Development and Assistance Act, as amended (7 U.S.C. 1701-1709), surplus agricultural commodities are sold for foreign currencies. Within certain limitations, these currencies may then be used by the United States Government for agricultural market development, purchase of strategic materials, military equipment facilities and services for the common defense, payment of U.S. obligations, military housing, and other specified purposes.

If regular appropriations of any Federal agency are available for any unrestricted purpose for which foreign currencies are used, the agency must buy the currency for dollars which are credited to the Commodity Credit Corporation. Beginning with 1961, special appropriations have been made for uses of foreign currencies in excess of amounts needed for regular operations or where use of currencies is restricted by international agreement or understanding. As these currencies are used, the Corporation receives reimbursement therefor from these appropriations.

- b. Commodities disposed of for emergency famine relief to friendly peoples. -- Under title II of the Agricultural Trade Development and Assistance Act of 1954, P.L. 480, as amended (7 U.S.C. 1703, 1721-1724), the Commodity Credit Corporation makes its surplus stocks of agricultural commodities available to the President for famine relief and other assistance to friendly nations and friendly peoples in meeting famine or other relief requirements and to pay ocean freight charges for the shipment of donated commodities.
- c. Long-term supply contracts. -- Under title IV of the Agricultural Trade Development and Assistance Act (7 U.S.C. Supp. 1, 1731-1736), the President is authorized to make agreements with friendly nations under which the United States would deliver surplus agricultural commodities over periods of up to 10 years and accept payment in dollars with interest over periods of up to 20 years.

2. International Wheat Agreement

The International Wheat Agreement Act, as amended (7 U.S.C. 1641-1642), operates to provide an assured market for wheat to exporting countries at stable and equitable prices. Member countries handle most of the volume of wheat moving in world trade. Maximum and minimum prices are specified in the agreement.

The Commodity Credit Corporation makes available wheat or wheat flour to carry out the provisions of the Agreement, including the payment-in-kind to the exporter for the difference between the prevailing sales price of wheat under the agreement and the market price. A cash payment for this differential is made for flour.

3. Bartered Materials for Supplemental Stockpile

Under title III of the Agricultural Act of 1956 (7 U.S.C. 1856), the Commodity Credit Corporation transfers to the supplemental stockpile strategic and other materials acquired as a result of barter and exchange of agricultural commodities, other than those acquired for the national stockpile or for other purposes. Appropriations are authorized for the value of materials transferred at the lower of cost or market value at the time of the transfer.

	Appropriated, 1963	Budget Estimates, 1964
Public Law 480:		
Sale of surplus agricultural commodities		
for foreign currencies	\$1,080,632,000	\$1,452,000,000
1964 appropriation for prior years costs	- -	508,172,000
Total, sale of surplus agricultural		
commodities for foreign currencies .	1,080,632,000	1,960,172,000

(Continued on next page)

	Appropriated, 1963	Budget Estimates, 1964
Commodities disposed of for emergency famine relief to friendly peoples	250,000,000	215,451,000
1964 appropriation for prior years costs	- -	- -
Total, commodities disposed of for emergency famine relief to friendly peoples	250,000,000	215,451,000
Long-term supply contracts	40,000,000	66,485,000
1964 appropriation for prior years costs	- -	12,515,000
Total, long-term supply contracts	40,000,000	79,000,000
Total, Public Law 480	1,370,632,000	2,254,623,000
International Wheat Agreement	81,218,000	71,700,000
1964 appropriation for prior years costs	- -	20,656,000
Total, International Wheat Agreement ...	81,218,000	92,356,000
Bartered materials for supplemental stockpile	125,000,000	61,500,000
1964 appropriation for prior years costs .	- -	21,360,000
Total, bartered materials for supplemen- tal stockpile	125,000,000	82,860,000
Total appropriations	1,576,850,000	2,429,839,000

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(a) Public Law 480

	<u>Sale of Surplus Agricultural Commodities for Foreign Currencies</u>	<u>Commodities Disposed of for Emergency Fam- ine Relief to Friendly Peoples</u>	<u>Long-term Supply Contracts</u>	<u>Total</u>
Appropriation Act, 1963 for 1963 and prior year costs .	\$1,080,632,000	\$250,000,000	\$40,000,000	\$1,370,632,000
Budget Estimates, 1964:				
For estimated prior year (1963) costs ...	a/ 508,172,000	- -	12,515,000	520,687,000
For estimated 1964 costs	<u>1,452,000,000</u>	<u>215,451,000</u>	<u>66,485,000</u>	<u>1,733,936,000</u>
Total Budget Esti- mate 1964	<u>1,960,172,000</u>	<u>215,451,000</u>	<u>79,000,000</u>	<u>2,254,623,000</u>
Change	<u>+879,540,000</u>	<u>-34,549,000</u>	<u>+39,000,000</u>	<u>+883,991,000</u>

SUMMARY OF INCREASES AND DECREASES

Increase in appropriation for sale of surplus agricultural commodities for foreign currencies under Title I, P.L. 480	+\$879,540,000
Decrease in appropriation for commodities disposed of for emergency famine relief to friendly peoples under Title I, P. L. 480	-34,549,000
Increase in appropriation for long-term supply contracts under Title IV, P.L. 480	+39,000,000

a/ On February 11, 1963, a supplemental estimate was submitted (House Doc. 64) to shift this amount from the 1964 budget to the supplemental estimate for 1963, in order to reimburse the Corporation for 1963 and prior year costs. This was proposed in order to provide sufficient operating funds to enable the Corporation to carry out its mandatory price support programs within its authorized borrowing power.

If this supplemental estimate and budget amendment are approved, the 1963 appropriation would be \$1,588,804,000 and the 1964 revised budget estimate would be \$1,452,000,000.

PROJECT STATEMENT
(On basis of appropriation)

Project	1962	1963 Estimate	Increase (+) or Decrease (-)	1964 Estimate
1. Sale of surplus agricultural commodities for foreign currencies ...	\$1,250,451,000	\$1,080,632,000	+\$879,540,000(1)	\$1,960,172,000
2. Commodities disposed of for emergency famine relief to friendly peoples	140,868,000	250,000,000	-34,549,000(2)	215,451,000

(Continued on next page)

Project	1962	1963 Estimate	Increase (+) or Decrease (-)	1964 Estimate
3. Long-term supply contracts	13,000,000	40,000,000	+39,000,000(3)	79,000,000
Total appropriation: or estimate	1,404,319,000	1,370,632,000	+883,991,000	2,254,623,000

INCREASES AND DECREASES

A net increase of \$883,991,000 for Foreign assistance programs consisting of:

(1) An increase in appropriation of \$879,540,000 for sale of surplus agricultural commodities for foreign currencies under Title I, P.L. 480 (including an estimate of \$508,172,000 representing estimated unreimbursed costs through the fiscal year 1963). The following tabulation reflects the basis on which this estimate was developed.

Sale of Surplus Agricultural Commodities for Foreign Currencies

(Title I)

	Estimated, 1963	Estimated, 1964	Increase (+) or Decrease (-)
Expenses of shipments:			
Commodity Credit Corporation stocks	\$351,405,000	\$344,295,000	-\$7,110,000
Private stocks	1,012,148,000	998,773,000	-13,375,000
Ocean transportation	90,447,000	88,932,000	-1,515,000
Total, expenses of shipments	1,454,000,000	1,432,000,000	-22,000,000
Interest expense on unrecovered balance	20,800,035	20,000,000	-800,035
Total expenses	1,474,800,035	1,452,000,000	-22,800,035
Recoveries from sales of currencies and rental receipts (deduct) ..	-262,500,000	- -	+262,500,000
Change in currencies to be sold for dollars in future years (deduct)	+42,500,000	- -	-42,500,000
Net expenses current year's costs recoverable from appropriations	1,254,800,035	1,452,000,000	+197,199,965
Unrecovered costs financed by Commodity Credit Corporation:			
1961	+179,703,017	- -	-179,703,017
1962	+154,300,948	- -	-154,300,948
1963	-508,172,000	+508,172,000	+1,016,344,000
Total appropriation or estimate	1,080,632,000	1,960,172,000	+879,540,000

Expenses of shipments: Following is a breakdown of expenses of shipments, by commodity, from Commodity Credit Corporation stocks as well as those from private stocks estimated for the fiscal years 1963 and 1964:

Commodity	Unit of Measure	CCC Stocks		Private Stocks		TOTAL	
		Quantity	Value	Quantity	Value	Quantity	Value
FISCAL YEAR 1963							
Wheat	bushel	80,000,000	\$297,600,000	224,000,000	\$537,800,000	304,000,000	\$835,400,000
Corn	bushel	9,000,000	25,110,000	11,000,000	13,750,000	20,000,000	38,860,000
Barley	bushel	1,500,000	2,775,000	7,000,000	7,280,000	8,500,000	10,055,000
Beans, dry edible	Cwt.	- - -	- - -	100,000	705,000	100,000	705,000
Sorghums, grain	bushel	1,000,000	2,200,000	4,000,000	4,400,000	5,000,000	6,600,000
Rice, rough	Cwt.	- - -	- - -	13,600,000	68,000,000	13,600,000	68,000,000
Cotton, upland	bale	- - -	- - -	1,250,000	203,125,000	1,250,000	203,125,000
Cotton, extra long staple	bale	- - -	- - -	5,000	1,525,000	5,000	1,525,000
Tobacco (Dry weight) ..	pound	- - -	- - -	22,700,000	15,663,000	22,700,000	15,663,000
Milk, nonfat dry	pound	40,000,000	5,958,000	- - -	- - -	40,000,000	5,958,000
Vegetable oil	pound	- - -	- - -	975,000,000	136,500,000	975,000,000	136,500,000
Butter	pound	30,000,000	17,762,000	- - -	- - -	30,000,000	17,762,000
Other	xxx	xxx	- - -	xxx	23,400,000	xxx	23,400,000
Subtotal		xxx	351,405,000	xxx	1,012,148,000	xxx	1,363,553,000
Ocean transportation ..		xxx	xxx	xxx	xxx	xxx	90,447,000
Total expenses of shipments		xxx	xxx	xxx	xxx	xxx	1,454,000,000
FISCAL YEAR 1964							
Wheat	bushel	75,000,000	\$275,750,000	255,000,000	\$573,750,000	330,000,000	\$849,500,000
Corn	bushel	9,000,000	25,830,000	11,000,000	13,750,000	20,000,000	39,580,000
Butter	pound	55,000,000	31,855,000	- - -	- - -	55,000,000	31,855,000
Sorghums, grain	bushel	1,000,000	2,200,000	4,000,000	4,400,000	5,000,000	6,600,000
Rice, rough	Cwt.	500,000	2,900,000	13,100,000	65,500,000	13,600,000	68,400,000
Cotton, upland	bale	- - -	- - -	1,000,000	162,500,000	1,000,000	162,500,000
Cotton, extra long staple ..	bale	- - -	- - -	5,000	1,525,000	5,000	1,525,000
Tobacco (Dry weight) ..	pound	- - -	- - -	22,700,000	15,890,000	22,700,000	15,890,000
Milk, nonfat dry	pound	40,000,000	5,760,000	- - -	- - -	40,000,000	5,760,000
Vegetable oil	pound	- - -	- - -	1,000,000,000	140,000,000	1,000,000,000	140,000,000
Beans, dry edible	Cwt.	- - -	- - -	150,000	1,058,000	150,000	1,058,000
Other	xxx	xxx	- - -	xxx	20,400,000	xxx	20,400,000
Subtotal		xxx	344,295,000	xxx	998,773,000	xxx	1,343,068,000
Ocean transportation ..		xxx	xxx	xxx	xxx	xxx	88,932,000
Total expenses of shipments		xxx	xxx	xxx	xxx	xxx	1,432,000,000

Expenses of shipments (Continued). - The estimates under this title are based on the total volume of exports estimated by the Foreign Agricultural Service which has the responsibility for programming under this activity. As indicated above, shipments are estimated to aggregate \$1,454 million in 1963 compared with \$1,432 million in 1964. This reflects, for the most part, increased emphasis being placed on long-term credit sales for dollars under Title IV of Public Law 480. Cotton shipments account for most of the lower activity. The estimates of ocean transportation costs generally reflect the volume of shipments.

The rate at which expenditures are made under this program is influenced by such unpredictable factors as international negotiations, economic conditions abroad, availability of shipping space, and the processing of documents. The Congress has recognized that the amounts provided in the appropriations are not fully controlling since contract authority under basic law permits the Government to enter into agreements and commit the Government to expenditures which must be financed from subsequent appropriations.

Interest expense on unrecovered balance. - The estimated interest rate is 3% per annum on the unrecovered balance outstanding at the close of each fiscal year, less average anticipated receipts.

Recoveries from sales of currencies and rental receipts. - Through 1963, these recoveries will be applied against gross costs in the year in which received and reduce the appropriations required. In each of the fiscal years 1963 and 1964, sales of foreign currencies are estimated to amount to \$164,000,000 reflecting increased use of currencies by other Government agencies. Use of the currencies by other Government agencies is under the control of the Bureau of the Budget and in certain cases, subject to appropriations to the agencies using such currencies. Rental receipts from the Department of Defense from currencies used for construction of military housing abroad are estimated at \$6,000,000 in each year.

Dollar repayments of Foreign currency loans. - The Budget estimate proposes, in addition, that dollar repayments received by Commodity Credit Corporation in fiscal year 1963 of Foreign currency loans made under section 104 of the Agricultural Trade Development and Assistance Act be applied to the reduction of unrecovered prior years' costs.

Change in currencies to be sold for dollars in future years. - This represents the change in the Corporation's unrecovered costs to be recovered in future years from proceeds of the sales of foreign currencies used by other agencies and used for the construction of military housing abroad. In computing the estimate of appropriations through the fiscal year 1963, allowance has been made for possible foreign exchange losses. The estimates of future recoveries are based on anticipated use of foreign currencies by other agencies under Bureau of the Budget allocations over which the Corporation has no control. Through 1963, the amounts actually collected, as well as the future collections, were applied against current-year's unrecovered costs and thereby constituted a reduction in the appropriation request.

Beginning with the fiscal year 1964, it is proposed that the dollars received from sale of foreign currencies and from military housing rentals will first be applied against the unrecovered balance due. This method of treating

such receipts would tend to increase the appropriation required for current year costs, but would relieve the borrowing authority of the Corporation and make such funds available for its mandatory price support operations. As indicated in the tabulation below, Commodity Credit Corporation borrowing authority at the end of fiscal year 1963 is estimated to be committed by \$461 million because of unrecovered costs of financing activities under Title I of Public Law 480.

Status of foreign currencies for which dollar recoveries are anticipated and it's impact on CCC borrowing authority.

	Estimated, 1963	Estimated, 1964
Amount recoverable from currencies to be sold, beginning of year:		
Dollar sales	\$435,932,024	\$366,900,000
Military housing	67,567,976	94,100,000
Total	<u>503,500,000</u>	<u>461,000,000</u>
Estimated use of currencies for which future recoveries will be received:		
Dollar sales	187,467,976	- -
Military housing	32,532,024	- -
Total	<u>220,000,000</u>	<u>- -</u>
Deduct:		
Estimated amount to be received during year:		
Dollar sales	-164,000,000	- -
Loan repayments	-92,500,000	- -
Military housing	-6,000,000	- -
Total	<u>-262,500,000</u>	<u>- -</u>
Change in future recoveries:		
Dollar sales	23,467,976	-164,000,000
Loan repayments	-92,500,000 ^{1/}	- -
Military housing	26,532,024	-6,000,000
Total	<u>-42,500,000</u>	<u>-170,000,000 ^{1/}</u>
Balance at end of year:		
Dollar sales and loan repayments	366,900,000	202,900,000
Military housing	94,100,000	88,100,000
Total	<u>461,000,000</u>	<u>291,000,000</u>

^{1/} Receipts applied against Commodity Credit Corporation balance rather than against appropriation.

Unrecovered costs financed by Commodity Credit Corporation. - During the fiscal year 1963, net costs are estimated at \$1,254,800,035 while the budget estimate (which was based on estimates made in December 1961) was \$1,080,632,000 for 1963 costs. The 1963 Appropriation Act provides this amount for 1963 and unrecovered prior years' costs. After deducting \$179,703,017 for unrecovered 1961 costs and \$154,300,948 for unrecovered 1962 costs, only \$746,628,035 remains for 1963 costs. Therefore, \$508,172,000 of the 1963 costs will be financed by the Corporation during 1963. Reimbursement for this amount has been included in the 1964 estimate.

(2) A decrease in appropriation of \$34,549,000 for commodities disposed of for emergency famine relief to friendly peoples under Title II, P.L. 480. While the costs of this program in 1964 are estimated to be \$246,000,000, it is estimated that \$30,549,000 of the 1963 appropriation will be available in 1964 to reduce the amount required to \$215,451,000. The following tabulation reflects the basis on which this estimate was developed.

Commodities Disposed of for Emergency Famine
Relief to Friendly Peoples

(Title II)

	<u>Estimated,</u> <u>1963</u>	<u>Estimated,</u> <u>1964</u>	Increase (+) or Decrease (-)
Expenses of shipments:			
Commodity Credit Corporation			
stocks	\$117,596,500	\$149,846,000	+\$32,249,500
Ocean transportation:			
On above commodities	17,862,000	22,777,000	+4,915,000
On Section 416 and other			
donations	<u>59,151,106</u>	<u>73,377,000</u>	<u>+14,225,894</u>
Total expenses of			
shipments	194,609,606	246,000,000	+51,390,394
Interest expense on unrecovered			
balance	<u>390,000</u>	<u>- -</u>	<u>-390,000</u>
Total expenses--current year's			
costs recoverable from			
appropriation	194,999,606	246,000,000	+51,000,394
Unrecovered 1962 costs financed			
by Commodity Credit Corpora-			
tion	24,451,394	- -	-24,451,394
1963 balance available in 1964	<u>30,549,000</u>	<u>-30,549,000</u>	<u>-61,098,000</u>
Total appropriation or			
estimate	<u>250,000,000</u>	<u>215,451,000</u>	<u>-34,549,000</u>

Expenses of shipments. - Following is a breakdown of expenses of shipments by commodity:

Public Law 480, Title II - Expenses of Shipments

Commodity	Unit of:	Fiscal Year 1963		Fiscal Year 1964	
		Quantity	Value	Quantity	Value
Milk, nonfat dry	:pound	60,000,000	\$8,937,000	65,000,000	\$9,360,000
Barley	:bushel	900,000	1,665,000	- -	- -
Beans, dry edible	:Cwt.	50,000	412,500	100,000	825,000
Corn	:bushel	5,200,000	15,652,000	6,200,000	19,158,000
Cornmeal	:pound	25,000,000	875,000	25,000,000	875,000
Sorghums, grain	:bushel	2,000,000	4,780,000	2,000,000	4,780,000
Rice, milled	:Cwt.	210,000	2,100,000	280,000	2,800,000
Wheat	:bushel	12,050,000	48,200,000	15,000,000	59,250,000
Wheat flour	:pound	433,000,000	23,688,000	425,000,000	23,800,000
Bulgur	:pound	15,000,000	1,410,000	15,000,000	1,410,000
Vegetable oil products	:pound	45,000,000	8,100,000	75,000,000	13,500,000
Butter	:pound	3,000,000	1,777,000	15,000,000	8,688,000
Cheese	:pound	- -	- -	15,000,000	5,400,000
Subtotal		xxx	117,596,500	xxx	149,846,000
Ocean transportation:					
On Section 416 commodities		xxx	59,151,106	xxx	73,377,000
On P.L. 480 commodities		xxx	17,862,000	xxx	22,777,000
Total ocean transportation		xxx	77,013,106	xxx	96,154,000
Total expenses of shipments		xxx	194,609,606	xxx	246,000,000

Expenses of shipments (continued). - Pursuant to requisitions from the Agency for International Development, and reflecting the expanded "Food for Peace" program, shipments of commodities are estimated at \$246.0 million in the fiscal year 1964 compared with \$194.6 million in 1963. Wheat, flour, and corn comprise the major commodities shipped under this program. Ocean transportation costs are estimated on the basis of volume of shipments under this title as well as on Section 416 and other donations.

The rate at which expenditures are made under this program is influenced by such unpredictable factors as international negotiations, the occurrence of famine and other emergencies abroad, economic conditions in recipient countries, availability of shipping space, and the processing of documents. The Congress has recognized that the amounts provided in the appropriations are not fully controlling since contract authority under basic law permits the Government to enter into agreements and commit the Government to expenditures which must be financed from subsequent appropriations. On the other hand, if funds appropriated are in excess of amounts actually used in a particular year, such amounts are applied against current year's costs and reduce the subsequent appropriations required.

Interest expense on unrecovered balance. - The estimated interest rate is 3%. This item covers interest on the amount of unrecovered costs financed by the Commodity Credit Corporation in excess of funds available.

1963 balance available in 1964. - Current estimates for fiscal year 1963 indicate a lower volume of shipments than had been anticipated when the 1963 appropriation request of \$300,000,000 was formulated in December 1961. The 1963 appropriation Act provides \$250,000,000 for 1963 and unrecovered prior year's costs. After deducting unrecovered 1962 costs of \$24,451,394 and applying 1963 costs, \$30,549,000 remains available for 1964 costs, thus reducing the 1964 appropriation request by that amount.

(3) An increase in appropriation of \$39,000,000 for long-term supply contracts under Title IV, P.L. 480 (including an estimate of \$12,515,000 representing estimated unreimbursed costs through the fiscal year 1963. The following tabulation reflects the basis on which this estimate was developed

Long-term Supply Contracts

(Title IV)

	Estimated, 1963	Estimated, 1964	Increase (+) or Decrease (-)
Expenses of shipments:			
Commodity Credit Corporation			
stocks	\$38,038,000	\$52,788,000	+\$14,750,000
Private stocks	199,044,500	232,501,000	+33,456,500
Ocean transportation	10,905,267	13,123,000	+2,217,733
Total, expenses of shipments	247,987,767	298,412,000	+50,424,233
Interest expense on unrecovered			
balance	1,000,000	4,000,000	+3,000,000
Total expenses	248,987,767	302,412,000	+53,424,233

(Continued on next page)

	Estimated, 1963	Estimated, 1964	Increase (+) or Decrease (-)
Repayments from foreign govern- ments including interest	-1,500,000	-14,500,000	-13,000,000
Subtotal, net expenses	<u>247,487,767</u>	<u>287,912,000</u>	<u>+40,424,233</u>
Change in amounts due from foreign governments to be recovered in subsequent years	-191,568,000	-221,427,000	-29,859,000
Net expense -- current year's costs recoverable from appropriation	55,919,767	66,485,000	+10,565,233
1962 unpaid obligations carried forward to 1963	<u>2,595,233</u>	- -	<u>-2,595,233</u>
Net costs recoverable from appropriation	58,515,000	66,485,000	+7,970,000
1962 unobligated balance available in 1963	-6,000,000	- -	+6,000,000
Unrecovered 1963 costs financed by Commodity Credit Corpora- tion	<u>-12,515,000</u>	<u>+12,515,000</u>	<u>+25,030,000</u>
Total appropriation or estimate	<u>40,000,000</u>	<u>79,000,000</u>	<u>+39,000,000</u>

Expenses of shipments. - Following is a breakdown of expenses of shipments, by commodity, from Commodity Credit Corporation stocks as well as from private stocks for the fiscal years 1963 and 1964:

Public Law 480, Title IV - Expenses of Shipments

Commodity	Unit of Measure	CCC Stocks		Private Stocks		TOTAL	
		Quantity	Value	Quantity	Value	Quantity	Value
FISCAL YEAR 1963							
Wheat	:bushel	5,500,000	\$20,450,000	18,500,000	\$44,400,000	24,000,000	\$64,850,000
Corn	:bushel	5,000,000	13,950,000	8,000,000	10,000,000	13,000,000	23,950,000
Butter	:pound	2,000,000	1,184,000	-	-	2,000,000	1,184,000
Sorghums, grain	:bushel	100,000	220,000	400,000	440,000	500,000	660,000
Rice, rough	:Cwt.	-	-	4,500,000	22,500,000	4,500,000	22,500,000
Beans, dry edible	:Cwt.	-	-	130,000	916,500	130,000	916,500
Soybeans	:bushel	-	-	5,000,000	12,500,000	5,000,000	12,500,000
Cotton, upland	:bale	-	-	450,000	73,125,000	450,000	73,125,000
Tobacco (Dry weight)	:pound	-	-	22,700,000	15,663,000	22,700,000	15,663,000
Milk, nonfat dry	:pound	15,000,000	2,234,000	-	-	15,000,000	2,234,000
Vegetable oil	:pound	-	-	80,000,000	11,200,000	80,000,000	11,200,000
Other	:xxx	-	-	xxx	8,300,000	xxx	8,300,000
Subtotal		xxx	38,038,000	xxx	199,044,500	xxx	237,082,500
Ocean transportation		xxx	xxx	xxx	xxx	xxx	10,905,267
Total expenses of shipments		xxx	xxx	xxx	xxx	xxx	247,987,767
FISCAL YEAR 1964							
Cheese	:pound	2,000,000	720,000	-	-	2,000,000	720,000
Wheat	:bushel	7,000,000	25,760,000	22,000,000	49,500,000	29,000,000	75,260,000
Corn	:bushel	7,000,000	20,090,000	9,000,000	11,250,000	16,000,000	31,340,000
Butter	:pound	3,000,000	1,738,000	-	-	3,000,000	1,738,000
Sorghums, grain	:bushel	200,000	440,000	1,300,000	1,430,000	1,500,000	1,870,000
Rice, rough	:Cwt.	200,000	1,160,000	5,300,000	26,500,000	5,500,000	27,660,000
Beans, dry edible	:Cwt.	-	-	125,000	881,000	125,000	881,000
Soybeans	:bushel	-	-	7,000,000	17,500,000	7,000,000	17,500,000
Cotton, upland	:bale	-	-	500,000	81,250,000	500,000	81,250,000
Tobacco (Dry weight)	:pound	-	-	22,700,000	15,890,000	22,700,000	15,890,000
Milk, nonfat dry	:pound	20,000,000	2,880,000	-	-	20,000,000	2,880,000
Vegetable oil	:pound	-	-	125,000,000	17,500,000	125,000,000	17,500,000
Other	:xxx	-	-	xxx	10,800,000	xxx	10,800,000
Subtotal		xxx	52,788,000	xxx	232,501,000	xxx	285,289,000
Ocean transportation		xxx	xxx	xxx	xxx	xxx	13,123,000
Total expenses of shipments		xxx	xxx	xxx	xxx	xxx	298,412,000

Expenses of shipments (continued). - The Foreign Agricultural Service, which has the responsibility for programming under this activity, estimates a progressive increase in program volume. This reflects, for the most part, more emphasis being placed on long-term credit sales for dollars rather than for foreign currencies under Title I of Public Law 480. Major items are wheat, cotton, rice, and corn. Ocean transportation costs are estimated on the basis of total shipments.

The rate at which expenditures are made under this program is influenced by such unpredictable factors as international negotiations, economic conditions in recipient countries, availability of shipping space, and the processing of documents. The Congress has recognized that the amounts provided in the appropriations are not fully controlling since contract authority under basic law permits the Government to enter into agreements and commit the Government to expenditures which must be financed from subsequent appropriations. On the other hand, if funds appropriated are in excess of amounts actually used in a particular year, such amounts are applied against current year's costs and reduce the subsequent appropriations required.

Interest expense on unrecovered balance. - The estimated interest rate is 3% per annum. All interest costs are estimated to be recovered in future years from the foreign governments.

Repayments from foreign governments including interest. - As additional contracts are negotiated and deliveries made thereunder, repayments will increase as the program progresses.

Change in amounts due from foreign governments to be recovered in subsequent years. - The foreign governments contract to repay the United States in agreed installments. Such future repayments are deducted from the appropriation request. In effect, the appropriation covers only the difference between the cost of shipments and the export market value which is established at time of the agreement. The Government then must look to the future for recovery of its remaining costs.

The following shows the composition of the amounts to be recovered from appropriations and from foreign governments:

	Estimated, 1963	Estimated, 1964
Balance outstanding, beginning of year:		
Principal	\$21,954,883	\$222,517,650
Interest	17,110	942,110
Total	<u>21,971,993</u>	<u>223,459,760</u>
Costs incurred during year:		
Principal	247,987,767	298,412,000
Interest	1,000,000	4,000,000
Total	<u>248,987,767</u>	<u>302,412,000</u>
Costs paid from appropriation:		
Principal only	<u>-46,000,000</u>	<u>-79,000,000</u>

(Continued on next page)

	Estimated, 1963	Estimated, 1964
Repayments by foreign governments:		
Principal	-1,425,000	-13,775,000
Interest	-75,000	-725,000
Total	<u>-1,500,000</u>	<u>-14,500,000</u>
Balance due from foreign governments at end of year:		
Principal	210,002,650	428,154,650
Interest	942,110	4,217,110
Total	<u>210,944,760</u>	<u>432,371,760</u>
Balance due from appropriations at end of year:		
Principal	12,515,000	- -
Interest	- -	- -
Total	<u>12,515,000</u>	<u>- -</u>
Balance outstanding, end of year:		
Principal	222,517,650	428,154,650
Interest	942,110	4,217,110
Total	<u>223,459,760</u>	<u>432,371,760</u>

1962 unpaid obligations carried forward to 1963. - Funds for 1962 costs had been advanced to Commodity Credit Corporation monthly on an estimated basis. However, during the fiscal year 1962, Commodity Credit Corporation costs recoverable from this appropriation amounted to \$9,595,233, but only \$7 million of the 1962 appropriation was advanced to the Corporation. Therefore, \$2,595,233 of these costs have been repaid the Corporation from the unused 1962 balance of \$6,000,000.

1962 unobligated balance available in 1963. - Of the total appropriation for 1962 of \$13 million, advances to Commodity Credit Corporation amounted to \$7 million, as indicated above. Therefore, the \$6 million balance, which is available until expended, will be used in 1963 to pay the 1962 obligations mentioned above and the remainder will be applied against 1963 costs.

Unrecovered 1963 costs financed by Commodity Credit Corporation. - During the fiscal year 1963, net costs recoverable from this appropriation are estimated at \$58,515,000 while the appropriation (which was based on estimates made in December 1961) was \$40 million. This, together with the \$6 million 1962 balance, will be \$12,515,000 short of reimbursing the Commodity Credit Corporation for 1963 costs. Reimbursement for this amount is included in the 1964 estimate.

STATUS OF PROGRAM

Public Law 480

a. Sale of Surplus Agricultural Commodities for Foreign Currencies.

(1) Explanation of program.-- The Commodity Credit Corporation is authorized to finance sales for foreign currencies to friendly nations of Commodity Credit Corporation owned and privately-owned agricultural commodities in surplus at time of exportation.

The first step in making such sales is the formulation of an agreement between the Governments of the United States and an importing country. The function of negotiating agreements is primarily the responsibility of the Department of State. To implement agreements entered into, the Foreign Agricultural Service issues purchase authorizations to importing countries, whereupon domestic exporters and foreign importers negotiate sales contracts. Sales are generally made at prices comparable to those prevailing in the market for export sales for dollars. Exchange rates as favorable as those at which U.S. agencies can acquire foreign currencies are required. In negotiating agreements, consideration is given to developing and expanding continuous market demand abroad with emphasis on underdeveloped and new market areas. Safeguards are taken that sales for foreign currencies do not displace U.S. usual marketings or disrupt world market prices, or normal patterns of commercial trade with friendly countries. Private trade channels are used to the maximum extent practicable. Emphasis is given to negotiation of agreements on a multi-year basis in order to maximize sales of U.S. agricultural surpluses abroad.

Transactions involved in financing operations by the Corporation in carrying out sales contracts follow normal commercial procedures and are based largely on letters of credit. Importers pay for commodities in local currency through their local banks. Suppliers are paid in dollars by U.S. banks with which the foreign banks have established dollar letter-of-credit arrangements, and U.S. banks are reimbursed by the Corporation. Foreign currency is deposited to the account of the United States Government in accordance with arrangements made between the Governments of the United States and the importing country.

Costs of Financing Sales.--Costs incurred comprise:

1. The Corporation's investment in its commodities exported, including payment-in-kind. This includes acquisition at domestic support prices, storage, processing, packaging, inland transportation, and handling charges.
2. The export value of shipments from commercial stocks.
3. Ocean transportation for commodities required to be shipped on privately owned U.S. flag commercial vessels, or when the importing country is unable to secure transportation at reasonable rates with its own currency.
4. Interest expense on unrecovered portion requiring Commodity Credit Corporation financing, primarily amounts recoverable in future years from sales of foreign currencies and from rental receipts, but also including unreimbursed costs recoverable from appropriations.

Utilization of Foreign Currencies.--Section 104 of Public Law 480, Title I, authorizes the use of foreign currency sales proceeds, including principal and interest from loan repayments, for various purposes, and Public Law 86-500 provides that at least 75% of the total cost of foreign military family housing projects constructed or acquired after June 8, 1960, be paid for from foreign currencies acquired under Title I of Public Law 480. Each sales agreement includes terms for foreign currency use, and specifies the percentage of total proceeds to be used for grants and loans (see c, e, and g below). Agreements generally avoid detailing of U.S. uses, showing the percentage for such uses as a combined total.

In accordance with Congressional appropriation actions and determinations of the Bureau of the Budget, currencies are made available by the Treasury Department to the U.S. agencies responsible for carrying out programs specified in the sales agreements and authorized under Section 104 of Public Law 480, as amended. Uses authorized fall into two major categories:

1. United States uses.
2. Uses of direct benefit to the recipient country.

United States uses include payment of U.S. obligations abroad and special foreign currency programs. Currencies available for the payment of U.S. obligations are used within regular appropriations. United States-use proceeds in excess of requirements for the payment of U.S. obligations, or which may not under the terms of the sales agreement be used for that purpose, are available for special foreign currency programs for which appropriations are provided. Currencies for U.S. uses are bought by the agencies responsible for carrying out the programs out of regular or special dollar appropriations.

The dollars so received by the Treasury are used to reimburse the Commodity Credit Corporation. The Department of Defense directly reimburses the Corporation for foreign currencies used for construction of military housing abroad from net rental receipts or from quarters allowances.

Uses for programs of direct benefit to recipient countries are at amounts specified in the sales agreements and are authorized without appropriations. Foreign currencies for these uses are available to agencies without reimbursement to the Treasury.

Following is an outline of authorized foreign currency uses:

Authority	Currency use	Responsible agency
Public Law 480, Title I, Section 104		
(a) ..	Agricultural market development (including research)	Department of Agriculture
(b) ..	Supplemental stockpile ...	Office of Emergency Planning
(c) ..	Common defense	Departments of State (AID) and Defense
(d) ..	Purchase of goods for other countries	Department of State (AID)

Authority	Currency use	Responsible agency
(e) ..	Grants for economic development	Department of State (AID)
(e) ..	Loans to private enterprise	Department of State (AID)
(f) ..	Payment of U.S. obligations	Any authorized U.S. Government agency
(g) ..	Loans to foreign governments	Department of State (AID)
(h) ..	International educational exchange	Department of State
(i) ..	Translation of books and periodicals	U.S. Information Agency.
(j) ..	American-sponsored schools and centers	Department of State and U.S. Information Agency.
(k) ..	Scientific, medical, cultural and educational activities	National Science Foundation, Department of State, and other appropriate agencies
(l) ..	Buildings for U.S. Government use	Department of State
(m) ..	Trade fairs	U.S. Information Agency
(n) ..	Acquisition, indexing, and dissemination of foreign publications	Librarian of Congress
(o) ..	American educational institutions	Department of State
(p) ..	Workshops and chairs in American studies	Department of State
(q) ..	Purchase of non-food items for emergency use	Department of State (AID)
(r) ..	Audio-visual materials ...	U.S. Information Agency and Department of State
(s) ..	Sale for dollars to American tourists	Department of Treasury
Public Law 86-500	Military housing	Department of Defense

(2) Summary of Operations, 1962.--The following table reflects the commodity composition of exports and the costs incurred in their exportation for the fiscal year 1962:

COMMODITY CREDIT CORPORATION COMMODITY COSTS
Title I
Fiscal Year 1962

Commodity	Unit of Measure	CCC Stocks		Private Stocks		Total	
		Quantity	Value	Quantity	Value	Quantity	Value
Wheat and wheat flour	bushel	83,910,786	\$316,297,229	311,402,956	\$686,406,755	395,313,742	\$1,002,703,984
Corn and cornmeal ..	bushel	12,306,041	34,151,515	15,134,640	20,014,127	27,440,681	54,165,642
Barley	bushel	2,360,848	4,660,410	11,735,322	15,058,191	14,096,170	19,718,601
Oats	bushel	-	-3,382	-	-	-	-3,382
Rye	bushel	693,029	1,521,075	-693,029	-958,848	-	562,227
Sorghums, grain	bushel	7,720,225	17,016,468	-3,658,650	-3,902,458	4,061,575	13,114,010
Rice, rough	Cwt.	373,711	2,097,266	-373,711	-1,873,578	-	223,688
Rice, milled	Cwt.	-	-	8,824,591	78,167,936	8,824,591	78,167,936
Cotton, upland	bale	43,868	8,463,839	1,017,330	183,169,821	1,061,198	191,633,660
Cotton, extra long staple	bale	-	-	9,016	3,062,859	9,016	3,062,859
Tobacco	pound	-	-	26,072,489	19,649,090	26,072,489	19,649,090
Milk, nonfat dry ...	pound	14,326,829	2,390,214	-196,242	834,538	14,130,587	3,224,752
Vegetable oil	pound	-	-	659,691,230	89,211,620	659,691,230	89,211,620
Butter & Butter products	pound	15,754	10,254	-3,138	3,216	12,616	13,470
Other	xxx	-	-	xxx	14,155,815	xxx	14,155,815
Total commodity costs		xxx	386,604,888	xxx	1,102,999,084	xxx	1,489,603,972
Ocean transportation							98,415,633
Total expenses of shipments							1,588,019,605
Interest expense on unrecovered balance							18,071,235
Total expenses							1,606,090,840
Recoveries from sales of foreign currencies and rental receipts							-151,338,892
Subtotal							1,454,751,948
Change in future recoveries							-50,000,000
Net expenses--current year's costs recoverable from appropriation							1,404,751,948
Unrecovered 1962 costs financed by CCC borrowing authority							-154,300,948
Appropriation or estimate							1,250,451,000

Status of Foreign Currencies for Which Dollar Recoveries are Anticipated
and its Impact on CCC Borrowing Authority

	Fiscal Year <u>1962</u>
Amount recoverable from currencies to be sold, beginning of year:	
Dollar sales	\$388,812,225
Military housing	<u>64,687,775</u>
Total	<u>453,500,000</u>
Use of currencies for which future recoveries will be received:	
Dollar sales	194,077,291
Military housing	<u>7,261,601</u>
Total	<u>201,338,892</u>
Deduct:	
Amount received during year:	
Dollar sales	-146,957,492
Military housing	<u>-4,381,400</u>
Total	<u>-151,338,892</u>
Change in future recoveries:	
Dollar sales	47,119,799
Military housing	<u>2,880,201</u>
Total	<u>50,000,000</u>
Balance at end of year:	
Dollar sales	435,932,024
Military housing	<u>67,567,976</u>
Total	<u>503,500,000</u>

b. Commodities Disposed of for Emergency Famine Relief to Friendly Peoples.

(1) Explanation of program.--Pursuant to agreements between the United States and friendly nations, the Commodity Credit Corporation makes available to the President of the United States out of its stocks such agricultural commodities which are surplus at the time of donation as he may request for transfer to friendly nations or friendly peoples. After agreements have been signed, the Agency for International Development, delegated by the President to administer this program, issues to the Corporation transfer authorizations requesting delivery of commodities. Precautions are taken to assure that such transfers will not displace or interfere with sales which might otherwise be made.

Stocks transferred are used to furnish emergency assistance in meeting famine or other urgent or extraordinary relief requirements. Public Law 86-472 (7 U.S.C. 1722), broadened the authority contained in Title II of Public Law 480 to facilitate the use of surplus agricultural commodities in meeting relief requirements and to enable the United States to use such commodities to promote economic development in underdeveloped areas in the absence of emergency, through June 30, 1961. The expiration date of this expanded authority was repealed by Public Law 87-92.

Costs incurred under this program comprise:

1. The Corporation's investment in making its commodities available for transfer. This includes acquisition at domestic support prices, storage, processing, packaging, inland transportation, and handling charges.

2. Ocean transportation on such transfers and on donations under Section 416 of the Agricultural Act of 1949 from U.S. ports to designated ports of entry abroad. Public Law 86-472, May 14, 1960 (7 U.S.C. 1723), further authorizes payment of ocean transportation to designated points of entry in land-locked countries and payment of charges for general average contributions arising out of ocean transport.

3. Interest expense on portion requiring Commodity Credit Corporation financing, if any.

(2) Summary of Operations, 1962.--The following table reflects the actual volume of commodity transfers and costs incurred in connection with this program during fiscal year 1962:

COMMODITY CREDIT CORPORATION COMMODITY COSTS

Title II

Commodity	Unit of Measure	Fiscal Year 1962	
		Quantity	Value
Cotton, upland	bale	256	\$56,031
Milk, nonfat dry	pound	50,344,370	9,612,478
Barley	bushel	3,057,177	6,036,008
Beans, dry edible	Cwt.	251,772	2,176,795
Corn	bushel	14,197,667	42,604,077
Cornmeal	pound	24,603,050	838,912
Sorghums, grain	bushel	1,790,945	4,274,703
Rice, milled	Cwt.	467,824	4,646,327
Wheat	bushel	18,864,733	76,309,129
Wheat flour	pound	416,250,060	23,410,707
Bulgur	pound	610,700	59,055
Vegetable oil products	pound	13,893,505	2,240,640
Total commodity costs		xxx	172,264,862
Ocean transportation:			
On 416 commodities		xxx	43,508,319
On 480 commodities		xxx	26,166,431
Total, ocean transportation		xxx	69,674,750
Total expenses of shipments--current year's costs recoverable from appropriation		xxx	241,939,612
Portion of costs financed by CCC from 1961 balance		xxx	-76,620,218
Unrecovered 1962 costs financed by CCC borrowing authority		xxx	-24,451,394
Appropriation		xxx	140,868,000

c. Long-Term Supply Contracts.

(1) Explanation of Program.--Under this program, sales of U.S. surplus agricultural commodities on a long-term dollar credit basis are made pursuant to agreements entered into between the United States and friendly nations, including private trade, or financial institutions acting on behalf of foreign nations. The program is designed to assist the economic development of underdeveloped countries and to open up new markets now available on only a cash or short-term credit basis in more highly developed countries. Care is taken to avoid displacement of U.S. cash dollar sales or disruption of normal patterns of commercial trade among friendly countries.

Sales agreements provide for delivery of commodities for periods up to ten years. Commodities, which must be surplus at time of exportation, are to be used for consumption within the recipient country. ~~Credit~~ periods of up to twenty years are authorized. The maximum interest rate which may be charged is the cost of funds to the U.S. Treasury.

The Commodity Credit Corporation, using its funds and stocks of surplus commodities, finances all sales under this program. Costs incurred comprise:

1. Payment at contract price for private stocks exported.
2. The differential between domestic market price and the competitive world price on commodities exported from private stocks to be paid in stocks from Commodity Credit Corporation's price-support inventory or in cash if such stocks are not available.
3. Excess of Commodity Credit Corporation's investment value over domestic market value of Commodity Credit Corporation price-support commodities delivered to exporters.
4. Ocean transportation for commodities required to be shipped on privately owned U.S. flag commercial vessels.
5. Interest expense on unrecovered portion requiring Commodity Credit Corporation financing, if any, primarily amounts due from foreign governments, to be repaid in future years.

Dollar repayments are made by the contracting governments for the export value of commodities shipped and ocean transportation and interest. Commodity Credit Corporation will absorb the excess cost of ocean freight on U.S. flag vessels as compared with foreign flag vessel rates.

(2) Summary of Operations, 1962.--Following is a statement of exports and costs for the fiscal year 1962, by commodity:

COMMODITY CREDIT CORPORATION COMMODITY COSTS

Title IV

Fiscal Year 1962

Commodity	Unit of Measure	CCC Stocks		Private Stocks		Total	
		Quantity	Value	Quantity	Value	Quantity	Value
Wheat	bushel	1,709,376	\$6,420,614	5,366,220	\$12,049,832	7,075,596	\$18,470,446
Cotton	bale	-	-	52,514	9,201,239	52,514	9,201,239
Total commodity costs		xxx	6,420,614	xxx	21,251,071	xxx	27,671,685
Ocean transportation		xxx	xxx	xxx	xxx	xxx	1,283,198
Total expenses of shipments ..		xxx	xxx	xxx	xxx	xxx	28,954,883
Interest expense on unrecovered balance							17,110
Total expenses							28,971,993
Less: Amounts due from foreign governments to be recovered in future years							-19,376,760
Net expenses--recoverable from current year's appropriation							9,595,233
Less: Unpaid obligations carried forward							-2,595,233
Balance of appropriation carried forward							+6,000,000
Total appropriation							13,000,000

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(b) International Wheat Agreement

Appropriation Act, 1963	\$81,218,000
Budget Estimate, 1964	92,356,000
Increase	<u><u>11,138,000</u></u>

PROJECT STATEMENT
(On basis of appropriations)

	:1962 Appro-:	1963 :	: 1964
	: priation	:(estimated):	Increase : (estimated)
International Wheat Agreement	:\$70,681,000:	\$81,218,000:	11,138,000:\$92,356,000

EXPLANATION OF ESTIMATE

The total estimate of \$92,356,000 for 1964 consists of \$71,700,000 for estimated costs in 1964 and \$20,656,000 for estimated unreimbursed costs in 1963. The preceding project statement was prepared on the basis of appropriations made in the fiscal year 1963 and 1964 estimates. The explanation which follows is based on the estimated program volume in the fiscal years 1963 and 1964.

	Estimated 1963	Estimated 1964	Increase(+) or Decrease(-)
Expenses of shipments:			
Commodity Credit Corporation stocks	\$61,503,000	\$57,110,000	-\$4,393,000
Private stocks and other costs	<u>15,697,000</u>	<u>14,590,000</u>	<u>-1,107,000</u>
Total, expenses of shipments	77,200,000	71,700,000	-5,500,000
Interest expense on unrecovered balance	<u>349,844</u>	<u>- -</u>	<u>-349,844</u>
Total current year's costs recoverable from appropriation	77,549,844	71,700,000	-5,849,844
Unrecovered costs financed by CCC borrowing authority:			
1961	4,955,560	- -	-4,955,560
1962	19,368,596	- -	-19,368,596
1963	<u>-20,656,000</u>	<u>20,656,000</u>	<u>41,312,000</u>
Total appropriation or estimate	<u><u>81,218,000</u></u>	<u><u>92,356,000</u></u>	<u><u>11,138,000</u></u>

Expenses of shipments: Following is a breakdown of expenses of shipments by country:

International Wheat Agreement - Expenses of Shipments

Importing Country	Fiscal Year 1963			Fiscal Year 1964		
	Bushels	Amount	Average: Cost per: Bushel	Bushels	Amount	Average Cost per Bushel
Austria	202,000	\$94,000	\$0.47	202,000	\$88,000	\$0.44
Belgium	4,420,000	2,888,000	.65	4,420,000	2,680,000	.61
Dominican Republic	153,000	93,000	.61	153,000	86,000	.56
El Salvador	438,000	266,000	.61	438,000	247,000	.56
Germany	10,390,000	7,272,000	.70	10,390,000	6,749,000	.65
India	2,753,000	1,413,000	.51	2,753,000	1,312,000	.48
Indonesia	80,000	64,000	.80	80,000	60,000	.75
Ireland	168,000	82,000	.49	168,000	76,000	.45
Israel	2,711,000	1,518,000	.56	2,711,000	1,409,000	.52
Japan	24,337,000	17,988,000	.74	24,337,000	16,732,000	.69
Netherlands	18,322,000	12,710,000	.69	18,322,000	11,796,000	.64
Nigeria	1,022,000	763,000	.75	1,022,000	708,000	.69
Norway	2,189,000	1,205,000	.55	2,189,000	1,119,000	.51
Philippines	6,785,000	4,938,000	.73	6,785,000	4,583,000	.68
Portugal	4,237,000	2,570,000	.61	4,237,000	2,385,000	.56
Rhodesia & Nyasaland	8,000	4,000	.50	8,000	4,000	.50
Saudi Arabia	1,824,000	1,344,000	.74	1,824,000	1,247,000	.68
Switzerland	1,185,000	564,000	.48	1,185,000	523,000	.44
United Kingdom & Territories	17,596,000	13,136,000	.75	17,596,000	12,191,000	.69
Vatican City	270,000	144,000	.53	270,000	133,000	.49
Venezuela	7,910,000	5,844,000	.74	7,910,000	5,422,000	.69
Provision for other partici- pating countries	3,000,000	2,100,000	.70	3,000,000	1,950,000	.65
Total commodities exported	110,000,000	77,000,000	.70	110,000,000	71,500,000	.65

International Wheat Agreement - Expenses of Shipments (Continued)

Item	Fiscal Year 1963			Fiscal Year 1964		
	Bushels	Amount	Average: Cost per: Bushel	Bushels	Amount	Average Cost per Bushel
Commercial exports:						
Cash payment differential to commercial exporters of wheat flour						
Payment-in-kind to commercial exporters of wheat	16,163,000	15,497,000	.96	16,163,000	14,390,000	.89
Total cost of commercial exports	90,276,000	58,986,000	.65	90,276,000	54,773,000	.61
Exports of CCC wheat via commercial exporters	106,439,000	74,483,000	.70	106,439,000	69,163,000	.65
Total commodity costs	3,561,000	2,517,000	.71	3,561,000	2,337,000	.66
	110,000,000	77,000,000	.70	110,000,000	71,500,000	.65
Interest expense	xxx	349,844	xxx	xxx	-	xxx
Operating expense	xxx	200,000	xxx	xxx	200,000	xxx
Total, expenses of shipments ..	xxx	77,549,844	xxx	xxx	71,700,000	xxx

Expenses of shipments (Continued).--Total volume of shipments in 1963 and 1964 is estimated at the same level; however, a decrease in payment rate is anticipated for the fiscal year 1964 consistent with the \$2.00 per bushel rate for the 1962 crop compared with the \$1.82 per bushel for the 1963 crop. The new Agreement also reflects an increase in the base prices. Because of the nature of this program, the country breakdown generally has been estimated on a basis comparable with actual activity during the fiscal year 1962 with an unallocated quantity indicated for countries which were not participants in 1962.

The rate at which expenditures are made under this program is influenced by such unpredictable factors as international negotiations, economic conditions in recipient countries, availability of shipping space, and the processing of documents. The Congress has recognized that the amounts provided in the appropriations are not fully controlling since contract authority under basic law permits the Department to enter into agreements and commit the Government to expenditures which must be financed from subsequent appropriations. On the other hand, if funds appropriated are in excess of amounts actually used in a particular year, such amounts are applied against current year's costs and reduce the subsequent appropriations required.

Interest expense on unrecovered balance.--The estimated interest rate is 3% per annum on the unrecovered balance outstanding during fiscal years 1962 and 1963.

Unrecovered 1963 costs financed by Commodity Credit Corporation.--During the fiscal year 1963, costs are estimated at \$77,549,844 while the appropriation (which was based on estimates made in December 1961) was \$81,218,000 on 1963 costs. The 1963 Appropriation Act provides \$81,218,000 for 1963 and unrecovered prior years' costs. After deducting \$4,955,560 for unrecovered 1961 costs and \$19,368,596 for unrecovered 1962 costs, only \$56,893,844 remains for 1963 costs. Therefore, \$20,656,000 of the 1963 costs will be financed by the Corporation during 1963. A reimbursement for this amount has been included in the 1964 estimate.

STATUS OF PROGRAM

International Wheat Agreement

1. Explanation of fiscal year 1962 program.--The International Wheat Agreement of 1959, ratified by nine exporting and twenty-nine importing countries, encompassed all commercial trade in wheat and wheat flour between member countries. It established maximum and minimum prices at \$1.90 and \$1.50 a bushel, basis No. 1 Manitoba wheat in bulk in-store Fort William/Port Arthur, Canada. Within the price range, importer members undertook to purchase specified percentages of their total commercial purchases from member exporters. The right of exporting members to supply this demand was augmented by the added benefit they had of undertaking to satisfy importer members' total commercial requirements. At the maximum price, exporter members were obligated to furnish any quantities not already purchased up to a moving average equal to importer members' historical commercial purchases during a five-year period.

The United States ratified the Agreement as an exporting member. Importing members could purchase wheat and wheat flour in the United States from the Commodity Credit Corporation or from commercial exporters. The Corporation, using its funds and stocks of wheat, financed all United States exports under the Agreement. The net costs of such financings comprised:

1. Cash payments to commercial exporters for the difference between the domestic market price and the Agreement sales price of wheat flour exported.
2. Payments-in-kind transferred from price-support inventories at domestic market price to commercial exporters who have exported commercial wheat.
3. The differential between the domestic market price and the Agreement sales price of wheat sold from price-support inventories to commercial exporters for export.
4. The differential between the domestic market price and the Agreement sales price of wheat sold from price-support inventories to importer members.
5. The differential between the Corporation's investment and the Agreement sales price of wheat and flour sold from Commodity Credit Corporation's supply program inventory to importer members.
6. Operating expenses.
7. Interest expense on unrecovered balance requiring Commodity Credit Corporation financing, if any.

2. Legislative changes for fiscal year 1963.--The International Wheat Agreement Act, as amended (7 U.S.C. 1641-1642), renewed the Agreement for a period of 3 years effective August 1, 1962, to provide an assured market for wheat to exporting countries at stable and equitable prices. The maximum and minimum prices in the 1962 agreement are \$2.02 $\frac{1}{2}$ and \$1.62 $\frac{1}{2}$ per bushel, respectively, for the basic grade of wheat, No. 1, Manitoba Northern, at Fort William/Port Arthur, Canada, in terms of Canadian currency at the parity for the Canadian

dollar determined for the purposes of the International Monetary Fund as at March 1949. The total quantity traded under the agreement in the 1961-1962 crop year represented about 39% of world trade in wheat, yet the ten exporting member countries export inside and outside the Agreement over 97% of all wheat moving in world trade.

3. Summary of operations, 1962.--Following is a statement of exports and costs for the fiscal year 1962, by country:

Importing Country	Bushels	Amount	Average Cost per Bushel
Austria	279,036	\$140,188	\$0.50
Belgium	6,112,752	3,400,224	.56
Brazil <u>a/</u>	6,763,468*	3,587,559*	.53
Costa Rica	887,230	703,681	.79
Dominican Republic	212,528	138,652	.65
El Salvador	606,142	392,933	.65
Germany	14,369,592	7,797,365	.54
Greece <u>a/</u>	12,355*	9,833*	.80
Guatemala	1,974,841	1,138,606	.58
Haiti	119,989	75,008	.63
Honduras	758,359	484,046	.64
Iceland	93,028	72,972	.78
India	3,807,826	1,750,848	.46
Indonesia	110,321	95,141	.86
Ireland	232,120	119,781	.52
Israel	3,749,573	2,010,469	.54
Japan	35,324,002	18,505,245	.52
Netherlands and territories	27,019,451	17,145,158	.63
Nigeria, Federal Government of	1,412,535	1,125,358	.80
Norway	3,026,238	1,789,597	.59
Panama	792,011	648,557	.82
Peru	1,168,207	592,136	.51
Philippines	9,383,123	5,642,840	.60
Portugal	5,860,007	3,180,454	.54
Rhodesia and Nyasaland	10,293	6,754	.66
Saudi Arabia	2,522,157	1,986,190	.79
Sierra Leone	49,942	40,305	.81
Switzerland	1,638,864	835,946	.51
Syria	6,000	3,780	.63
United Arab Republic <u>b/</u>	323	23,977*	-

Importing Country	Bushels	Amount	Average Cost per Bushel
United Kingdom	21,533,065	\$13,122,544	\$0.61
United Kingdom Territories	4,705,228	3,632,612	.77
Vatican City	374,333	213,370	.57
Venezuela	10,939,245	6,610,938	.60
Unidentified	2,268	1,841	.81
Total	152,304,806	89,782,170	.59
Commercial exports:			
Cash payment-differential to commercial exporters of wheat flour	22,379,503	18,069,977	.81
Payment-in-kind to commercial exporters of wheat	124,995,107	68,777,735	.55
Total costs of commercial exports	147,374,610	86,847,712	.59
Exports of Commodity Credit Corporation wheat via commercial exporters	4,930,196	2,934,458	.60
Total commodity costs	152,304,806	89,782,170	.59
Operating expenses	xxx	175,978	xxx
Total expenses of shipments	xxx	89,958,148	xxx
Interest expense on unrecovered balance	xxx	91,448	xxx
Total expenses--current year's costs recoverable from appropriation	xxx	90,049,596	xxx
Unrecovered 1962 costs financed by CCC borrowing authority	xxx	-19,368,596	xxx
Appropriation	xxx	70,681,000	xxx

* Indicates credit item.

a/ These credit items represent adjustments of costs reported for prior years which result from the failure of these countries to ratify the 1959 International Wheat Agreement.

b/ Represents adjustment of prior year's activity.

(c) Bartered Materials for Supplemental Stockpile

Appropriation Act, 1963	\$125,000,000
Budget Estimate, 1964	82,860,000
Decrease	<u>-42,140,000</u>

PROJECT STATEMENT
(On basis of appropriations)

Project	1962	1963	Decrease	1964
		Estimate		Estimate
Bartered materials for supplemental stockpile .	\$125,000,000	\$125,000,000	-\$42,140,000	\$82,860,000

EXPLANATION OF ESTIMATE

The preceding project statement was prepared on the basis of appropriations made in the fiscal year 1963 and the 1964 estimates. The explanation which follows is based on the estimated program volume in the fiscal years 1963 and 1964.

	Estimated 1963	Estimated 1964	Increase (+) or Decrease (-)
Materials transferred to supplemental stockpile--total current year's costs recoverable from appropriations	\$85,500,424	\$61,500,000	-\$24,000,424
Unrecovered costs financed by CCC:			
1962	+60,859,576	- -	-60,859,576
1963 (estimated)	-21,360,000	+21,360,000	+42,720,000
Appropriation or estimate	<u>125,000,000</u>	<u>82,860,000</u>	<u>-42,140,000</u>

Materials transferred to supplemental stockpile. - The volume of contracts for barter of agricultural commodities for transfer to the stockpile is expected to be \$80 million in both fiscal years 1963 and 1964. Based on recommendations of the Executive Stockpile Committee, approved by the President on September 20, 1962, greater emphasis than in the past will be placed on barter transactions covering offshore procurements for the Department of Defense, the Agency for International Development, and other government agencies. Barter will continue for strategic materials at a reasonable volume needed to meet stockpile objectives and will be much less than in past years. However, where stockpile objectives have been met, barter for strategic materials will emphasize the taking of useful materials from underdeveloped countries in exchange for agricultural commodities which would otherwise be supplied to such countries for foreign currencies where these currencies are presently held in excess of U. S. requirements. Deliveries of strategic materials to the stockpile, primarily from prior year contracts, are estimated at \$85.5 million in 1963 and \$61.5 million in 1964. Because of the possible adverse effect on contract prices, no detailed listing of future deliveries of materials is furnished at this time.

The rate at which transfers are made under this program is influenced by such unpredictable factors as international negotiations, availability of storage space, and the processing of documents. The Congress has recognized that the amounts provided in the appropriations are not fully controlling since contract authority under basic law permits the Department to enter into agreements

and commit the Government to expenditures which must be financed from subsequent appropriations. On the other hand, if funds appropriated are in excess of amounts actually used in a particular year, such amounts are applied against current year's costs and reduce the subsequent appropriations required.

Unrecovered estimated 1963 costs financed by Commodity Credit Corporation. -
During the fiscal year 1963, total transfers are estimated at \$85,500,424. The 1963 Appropriation Act provides \$125,000,000 for 1963 and prior years' costs. After deducting \$60,859,576 for unrecovered 1962 costs, only \$64,140,424 remains for 1963 costs. Therefore, \$21,360,000 of the 1963 costs will be financed by the Corporation during 1963. A reimbursement for this amount has been included in the 1964 estimate.

STATUS OF PROGRAM

Bartered Materials for Supplemental Stockpile

1. Explanation of program.--Under current policy, the Commodity Credit Corporation acquires strategic and other materials through barter of price-support commodities only for other Government agencies or for transfer to a supplemental United States stockpile established by section 104(b) of the Agricultural Trade Development and Assistance Act of 1954. Transfers are valued at the lower of the domestic market price or the Commodity Credit Corporation's investment therein as of the date of transfer. The General Services Administration maintains the supplemental stockpile and transfers are made pursuant to their procedures.

2. Summary of operations, 1962.--During 1962 the following materials were transferred under this program:

Transfers to Supplemental Stockpile

Fiscal Year 1962

Material	Amount
Abrasive crude aluminum oxide	\$32,164
Antimony metal	1,542,643
Asbestos - amosite	1,896,470
Asbestos - chrysotile	196,026
Asbestos - crocidolite	1,558,233
Bauxite	39,878,590
Beryl ore	5,454
Beryllium copper master alloy	481,726
Bismuth	1,086,255
Boart	5,599,997
Cadmium	960,636
Chrome ore - chemical grade	3,363,976
Chrome ore - metallurgical grade	1,403,545
Chrome ore - refractory grade	79,729
Chromium metal	131,337
Columbite	17,095
Diamonds	35,550,046
High-carbon ferrochrome	839,717
Low-carbon ferrochrome	1,428,392
Ferromanganese	16,503,526
Fluorspar - acid grade	3,718,807
Fluorspar - metallurgical grade	7,788
Crude Iodine	106,146
Lead	15,678,229
Manganese ore - chemical grade	5,525,156

Material	Amount
Manganese ore - metallurgical grade	\$25,353,036
Manganese ore - natural battery grade	5,572,615
Mica	4,116,592
Palladium	2,297,842
Platinum	4,024,529
Rare earths	2,869,899
Rutile	124,301
Silicon carbide	3,563,578
Thorium nitrate	591,107
Titanium sponge	4,322,528
Tungsten carbide powder	2,868,949
Zinc	-3,544
Materials transferred to supplemental stockpile--total current year's costs recoverable from appropriation	193,293,115
Portion of costs financed by CCC from 1961 balance	-7,433,539
Unrecovered 1962 costs	-60,859,576
Appropriation	125,000,000

LANGUAGE CHANGES

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Language Changes

AGRICULTURAL RESEARCH SERVICE

The 1964 budget estimates include the proposed changes in appropriation language listed and explained below. New language is underscored and deleted matter is enclosed in brackets.

Salaries and Expenses

- 1 For expenses necessary to perform [agricultural] research [relating to
1 production, utilization, and home economics, to control and eradicate
1 pests and], plant and animal [diseases, and to perform related
1 inspection, quarantine and regulatory work] disease and pest control,
and meat inspection: Provided, That not to exceed \$75,000 of the
appropriations hereunder shall be available for employment pursuant
to the second sentence of section 706(a) of the Organic Act of 1944
(5 U.S.C. 574), as amended by section 15 of the Act of August 2, 1946
(5 U.S.C. 55a): Provided further, That appropriations hereunder shall
be available for the operation and maintenance of aircraft and the
purchase of not to exceed two for replacement only: Provided further,
That appropriations hereunder shall be available pursuant to title 5,
United States Code, section 565a, for the construction, alteration, and
repair of buildings and improvements, but unless otherwise provided, the
cost of constructing any one building (except headhouses connecting
2 greenhouses) shall not exceed [\$15,000] \$25,000, except for [four] five
buildings to be constructed or improved at a cost not to exceed [\$30,000]
2 \$50,000 each [and one building to be constructed at a cost not to exceed
\$50,000], and the cost of altering any one building during the fiscal
3 year shall not exceed [\$5,000] \$10,000 or [5] 10 per centum of the cost
of the building, whichever is greater: Provided further, That the
limitations on alterations contained in this Act shall not apply to a
4 total of \$100,000 for [conversion of animal disease and parasite research]
facilities at Beltsville, Maryland:

- Research: For research and demonstrations on the production and
5 utilization of agricultural products, [home economics] nutrition and
consumer use of agricultural and associated products, and related research
and services, and for acquisition of land by donation, exchange, or purchase
6 at a nominal cost not to exceed \$100, [\$77,473,000; plus additional amounts
for research as follows: \$325,000 for staffing new research laboratories,
\$670,000 for research on cost of production, and \$4,875,000 for expanded
utilization research; and plus the following amounts, to remain available
until expended, for construction, alteration and equipping of facilities;
\$395,000 for soil and water research facilities at Sidney, Montana,
\$450,000 for poultry research facilities at East Lansing, Michigan,
\$400,000 for Mandan, North Dakota, \$125,000 for the Southern Piedmont soil
and water facility, \$585,000 for Tucson, Arizona, \$500,000 for the regional
tree fruit and nut crops station in the Southeast, \$165,000 for the
research station at Carbondale, Illinois, and \$160,000 for improvement of
heating, water and electrical systems at the Agricultural Research Center
at Beltsville, Maryland; in all, \$86,123,000] \$90,554,000: Provided,

That the limitations contained herein shall not apply to replacement of buildings needed to carry out the Act of April 24, 1948 (21 U.S.C. 113(a)):

7 Provided further, That the Secretary of Agriculture is authorized to acquire approximately two-tenths of an acre of land at Pasadena, California;

Plant and animal disease and pest control: For operations and measures,
8 * * * Provided, That [, \$150,000 shall be available, notwithstanding the foregoing limitations, for the construction and equipping of facilities and acquisition of the necessary land therefor by purchase, donation, or exchange: Provided further, That] no funds shall be used to formulate or
9 administer a brucellosis eradication program for fiscal year [1964] 1965 that does not require minimum matching by any State of at least 40 per
10 centum: Provided further, That, in addition, in emergencies which threaten the livestock or poultry industries of the country, the Secretary may transfer * * *

The first change would shorten and simplify the general description of activities under the appropriation by revising the introduction to correspond to the titles of the subappropriations. No change in scope of activities is intended. The subappropriations describe the related activities in more detail.

The second change would increase the general and specific building limitations because of (1) increased building costs and (2) increased need for buildings in connection with expanded program operations and for moving research activities from one location to another as necessitated by program changes. The revisions proposed are as follows:

(a) An increase from \$15,000 to \$25,000 in the general building limitation would be used principally for temporary structures of prefabricated construction. In 1962 about \$154,000 was spent for 18 buildings under this limitation (an average cost of about \$8,600, but a range in cost from \$3,113 to \$14,980). It is always very difficult each year to meet minimum needs of a few of such buildings under the current limitation and the resulting lack of facilities is detrimental to the program. It is not anticipated that the revision of building limitation would result in much increase in the use of funds for such construction since only a few of the buildings would be constructed in the \$15,000 to \$25,000 cost range.

(b) The change from four buildings at \$30,000 and one building at \$50,000 to five buildings at \$50,000 is needed because in 1961 and 1962 it was necessary in five cases to rework plans and specifications, readvertise for bids, negotiate with bidders, or exercise alternate bids in order to meet the \$30,000 limitation. The bids received ranged from \$33,800 to \$48,888 despite advance precaution to prepare plans and specifications for buildings which could be constructed within the limitation. In the long run, the current restriction on buildings is not advantageous to the Government because additional space or facilities are required within a very few years.

In 1963, Congress raised the limitation on one of the five buildings to \$50,000 because of inability in 1963 to replace within the \$30,000 limitation a building at Olustee, Florida destroyed by fire.

This inability to proceed in 1962 delayed important research under way there.

Total funds used under this limitation were \$131,576 in 1961 and \$124,182 in 1962, an average per building of \$26,315 and \$24,836 respectively.

The third change would increase the alteration limitations from \$5,000 to \$10,000 and from 5 to 10 percentum of the original building costs, whichever is greater. The current limitations unduly restrict needed alterations and hamper research programs. Alterations are made chiefly to old buildings constructed more than 20 years ago. They are needed to update facilities or make better use of existing space. Since the original cost was very low, compared with present construction costs, a low limitation related to original costs does not provide enough funds for alteration costs at current rates.

In 1962, the amount spent under these limitations was about \$52,000 for six alterations. It is not expected that the change in limitation would increase materially the amount spent for alterations, but it would permit meeting alteration needs more adequately.

The fourth change deletes the words in the limitation that a total of \$100, 000 for alterations at the Agricultural Research Center, Beltsville, Maryland shall apply solely to conversion of animal disease and parasite research facilities. It is proposed that the limitation be broadened so that it would apply to alteration of any of the facilities at the agricultural Research Center. A wide variety of activities is conducted there. There are frequent needs for alterations to facilitate the research and other work at the Center, but many of them cannot be made because of present limitations. The proposed revision would make it possible to accomplish many of these needed alterations and would result in increasing the effectiveness of the work and providing greater safety to employees.

The fifth change would revise the former descriptive term "home economics" to conform to the new title for this research "nutrition and consumer use". The new title for this research was reflected in the 1963 Budget Estimates. No change in scope of activities is intended.

The sixth change deletes language added by conferees to the 1963 bill describing items and amounts for certain research programs and construction and improvements. No specific description is needed in the language for the research programs since the general description for research covers them adequately. The construction and improvement items are nonrecurring. Therefore, it is proposed to delete this language as no longer being necessary.

The seventh change would authorize the purchase of approximately two-tenths of an acre of land at Pasadena, California. This land is adjacent to the present fruit and vegetable utilization research and development laboratory at that location. It is needed for construction of a separate, low-cost building for safe extraction of large amounts of materials from plants using

flammable and toxic solvents. Such a building is urgently needed for the efficiency of the research and the safety of the workers. The land is the only property available within reasonable distance of the present facilities. Informal appraisals place the estimated cost of the property at \$23,000. After procuring title to it, it is planned to use one of the five \$50,000 building authorizations for construction of a hazardous operations laboratory. The cost of the land and the facility would be met from program funds.

The eighth change deletes language covering nonrecurring construction of livestock inspection stations along the Canadian border and the authority to acquire sites therefor. Since it is expected that the land will be acquired and construction contracts awarded for these facilities before the close of fiscal year 1963, continuation of the authority is not needed.

The ninth change updates the language of the proviso relating to State matching of Federal funds in the cooperative brucellosis eradication activities. The same proviso would be continued in effect for fiscal year 1965.

The tenth change adds the word "further" to standardize the language. The word was inadvertently omitted in the 1963 Act.

Salaries and Expenses (Special Foreign Currency Program)

For purchase of foreign currencies which accrue under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704), for market development research authorized by section 104(a), and for agricultural and forestry research and other functions related thereto authorized by section 104(k) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(a)(k)), to remain available until expended, [\$5,265,000] \$2,500,000: * * *.

The proposed change adds language which would permit the use of foreign currencies not only for research as presently authorized in the appropriation language, but also for additional activities, primarily translations, authorized in section 104(k) of the Agricultural Trade Development and Assistance Act of 1954, as amended. These translations are needed to further agricultural and forestry research. Section 104(k), as amended (7 U.S.C. 1704(k)), reads as follows:

"To collect, collate, translate, abstract, and disseminate scientific and technological information and to conduct research and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe, and to promote and support programs of medical and scientific research, cultural and educational development, health, nutrition, and sanitation: Provided, That foreign currencies shall be available for the purposes of this subsection (in addition to funds otherwise made available for such purposes) only in such amounts as may be specified from time to time in appropriation Acts;"

The National Science Foundation has contracts and administrative arrangements through which the Department can obtain translation services, and is willing

to supply such services on a reimbursable basis. Its funds have not been adequate to meet the demands to all Federal agencies for such services, and as a result, the Department now has a backlog of about 9,000 pages of material ready for translation which has accumulated in the past two years. This backlog will continue to increase if action is not taken to provide for keeping abreast of the requests of research personnel for translations needed for reference purposes.

Most of the translation work would be done in Israel, where there are good facilities for translating Russian into English. Some translations from Polish would be done in Warsaw. No U. S. dollar funds would be used to pay for translations. It is estimated that the dollar equivalent of excess currencies used for translations would approximate \$100,000 annually.

COOPERATIVE STATE EXPERIMENT STATION SERVICE

The 1964 budget estimates include proposed changes in appropriation language as explained below. New language is underscored and deleted matter is enclosed in brackets.

Payments and Expenses

For payments to agricultural experiment stations, for grants for cooperative forestry research, and for other expenses, including [\$37,113,000] \$38,113,000 to carry into effect the provisions of the Hatch Act, approved March 2, 1887, as amended by the Act approved August 11, 1955 (7 U.S.C. 361a-361i), including administration by the United States Department of Agriculture; \$500,000 for payments authorized under section 204(b) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1623); \$1,000,000 for grants for cooperative forestry research under the Act approved October 10, 1962 (76 Stat. 806-807); [\$250,000] \$310,000 for penalty mail costs of agricultural experiment stations under section 6 of the Hatch Act of 1887, as amended; and [\$344,000] \$460,000 for necessary expenses of the Cooperative State Experiment Station Service, including administration of payments to State agricultural experiment stations, of which not more than \$25,000 shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (5 U.S.C. 574), as amended by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a); [\$38,207,000] \$40,383,000.

The proposed changes in language would provide authority to use funds appropriated under this item to initiate the new program of grants for cooperative forestry research authorized by enactment of Public Law 87-788, enacted October 10, 1962. The need for funds for this purpose is explained in more detail in the justifications for this Service.

EXTENSION SERVICE

The 1964 budget estimates include the proposed changes in appropriation language listed and explained below. New language is underscored and deleted matter is enclosed in brackets.

Cooperative Extension Work, Payments and Expenses

1 Payments to States and Puerto Rico: For payments for cooperative agricultural extension work under the Smith-Lever Act, as amended by the Act of June 26, 1953 (7 U.S.C. 341-348), [and] the Act of August 11, 1955 (7 U.S.C. 347a) [\$62,020,000] and the Act of October 5, 1962 (76 Stat. 745), \$63,020,000; and payments and contracts for such work under section 204(b)-205 of the Agricultural Marketing Act of 1946 (7 U.S.C. 1623-1924), \$1,570,000; in all, [\$63,590,000] \$64,590,000: Provided, That * * *

2 Retirement and Employees' Compensation costs for extension agents:
3 For costs of employer's share of Federal retirement and for reimbursement for benefits paid from the Employees' Compensation Fund for cooperative extension employees, [\$6,765,000] \$7,110,000.

Penalty mail: For costs of penalty mail for cooperative extension agents and State extension directors, [\$2,490,000] \$3,113,000.

4 Federal Extension Service: For administration of the Smith-Lever Act, as amended by the Act of June 26, 1953 (7 U.S.C. 341-348), [and] the Act of August 11, 1955 (7 U.S.C. 347a) and the Act of October 5, 1962 (76 Stat. 745), and extension aspects of the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627), and to coordinate and provide program leadership for the extension work of the Department and the several States and insular possessions, [\$2,499,500] \$2,515,000.

The first and fourth changes incorporate the citation to recently enacted legislation (Public Law 87-749) which amended the Smith-Lever Act to modify the formula for apportionment of Federal Extension Service funds so that 4 percent of any increase in appropriations over the 1962 level would go to the Federal Extension Service for administration and coordination of cooperative extension work and the remaining 96 percent of any increase would go to the States with 20 percent distributed equally, 40 percent on the basis of farm population, and 40 percent on the basis of rural population. The amendment also provided for quarterly, instead of semi-annual, payment of extension funds to the States.

The second and third changes incorporate in the Retirement Costs Subappropriation the cost of reimbursing the Employees' Compensation Fund for payments from that fund to extension agents.

FARMER COOPERATIVE SERVICE

The 1964 budget estimates include a proposed change in the language of this item as explained below. New language is underscored and deleted matter is enclosed in brackets:

Salaries and Expenses

For necessary expenses to carry out the Act of July 2, 1926 (7 U.S.C. 451-457), [~~\$682,000~~] and for conducting research relating to the economic and marketing aspects of farmer cooperatives, as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627), \$1,280,000.

This change proposes addition of language to provide for the conduct of economic and marketing research activities under this appropriation for fiscal year 1964, as authorized by the Agricultural Marketing Act of 1946. Heretofore the Farmer Cooperative Service has done this work under advances from the Agricultural Marketing Service and Economic Research Service.

The Farmer Cooperative Service has participated in the work authorized by the Agricultural Marketing Act (RMA Title II) from its inception, and it has the technical competence for conducting marketing research useful to farmers and marketing agencies. The transfer in the estimates of funds for this purpose from Agricultural Marketing Service and Economic Research Service to Farmer Cooperative Service would simplify budgetary control and administration of the activity, and provide for a review of all such related activities at one point in the Budget. This change will not affect in any way the work performed.

SOIL CONSERVATION SERVICE

The 1964 budget estimates propose a new appropriation item as follows:

Resource Conservation and Development

For necessary expenses in planning and carrying out projects for resource conservation and development, and for sound land use, pursuant to the provisions of section 32(e) of title III of the Bankhead-Jones Farm Tenant Act, as amended (7 U.S.C. 1011; 76 Stat. 607), and the provisions of the Act of April 27, 1935 (16 U.S.C. 590a-f), \$6,275,000 to remain available until expended: Provided, That not to exceed \$3,500,000 of such amount shall be available for loans and related expenses under subtitle A of the Consolidated Farmers Home Administration Act of 1961, as amended: Provided further, That not to exceed \$100,000 may be used for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (5 U.S.C. 574), as amended by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a).

This proposed new appropriation would provide funds needed for (a) investigations and planning of resource conservation and development projects; (b) to help prepare work plans in designated project areas; and (c) through loans and assistance in installing works of improvement, to help local organizations carry out the provisions of title I and title IV of the recently enacted Food and Agriculture Act of 1962 (Public Law 87-703). These project activities will be conducted in rural areas where there is a static or declining level of economic activity.

AGRICULTURAL MARKETING SERVICE

The 1964 budget estimates include proposed changes in appropriation language explained below. New language is underscored and deleted matter is enclosed in brackets.

Marketing Research and Service

- 1 For expenses, not otherwise provided for, necessary to carry on research and service to improve and develop marketing* * * Provided, That appropriations hereunder shall be available pursuant to 5 U.S.C. 565a for the construction, alteration, and repair of buildings and improvements, but unless otherwise provided, the cost of erecting any one building shall not exceed
- 2 [\$15,000] \$25,000, except for two buildings to be constructed or
- 3 improved at a cost not to exceed [\$30,000] \$50,000 each, and the cost of altering any one building during the fiscal year shall
- 4 not exceed [\$5,000] \$10,000 or [5] 10 per centum of the cost of the building whichever is greater.

The first change adds language to recognize that funds for conducting research relating to marketing aspects of farm cooperatives heretofore advanced to the Farmer Cooperative Service by the Agricultural Marketing Service from this appropriation are now provided directly to the Farmer Cooperative Service through appropriation language proposed in the 1964 Budget.

The second change would increase the limitation on construction of any one building from \$15,000 to \$25,000. The marketing research work in AMS for which facilities are required are primarily of a biological and engineering nature. The facilities are necessarily of a specialized nature, requiring special installations or construction specifications for controlled temperatures and humidity, special lighting, heavy equipment, etc. Under present building cost conditions the existing limitation on erection of these buildings is too low to provide the minimum new facilities required.

The third change would increase the limitation on construction or improvement of two buildings from \$30,000 to \$50,000. This limitation has been used primarily for construction or alterations of an emergency nature involving fire or other catastrophe befalling a necessary facility. The present limitation is insufficient, in light of present building costs, to assure the rapid replacement of adequate facilities in the case of such emergency.

The fourth change would increase the limitation on alteration costs from \$5,000 or 5% of the cost of construction ~~to~~ \$10,000 or 10% of the cost of construction whichever is greater. The present limitation is too low to permit the type of alterations that are necessary as program facility requirements change. Inability to alter facilities adequately has hampered program efficiency to the point that an increase is warranted.

Construction of Facilities

For construction of facilities and acquisition of necessary land therefor, \$1,600,000 to remain available until expended.

The proposed language would provide a new appropriation item authorizing the construction of marketing research facilities and acquisition of necessary land. Detailed explanations of the facilities to be constructed under this appropriation will be found in the justification for the item, "Construction of Facilities, Agricultural Marketing Service".

The new appropriation provides that the funds remain available until expended. It is often extremely difficult within one fiscal year to design a structure, invite bids, award contracts for construction, and to provide for the possibility of necessary changes during the course of construction. A separate continuing appropriation would facilitate the orderly completion of the project.

Special Milk Program

For necessary expenses to carry out the Special Milk Program, as authorized by the Act of August 8, 1961 ([75 Stat. 319), \$105,000,000] 7 U.S.C. 1446, note), \$102,000,000.

This change eliminates the statutory reference and substitutes therefor the U.S. Code reference. This change has no effect on the nature or scope of the program.

School Lunch Program

For necessary expenses to carry out the provisions of the National School Lunch Act (42 U.S.C. 1751-1760), [\$125,000,000] \$137,000,000, including \$2,000,000 for special assistance to needy schools as authorized by law (76 Stat. 944-947): * * *.

The proposed change would make funds available for special assistance to needy schools under recently enacted legislation (P.L. 87-823). The amended School Lunch Act contains a new provision (Section 11) authorizing an appropriation each year to provide special assistance to schools in serving free or reduced-price lunches to school children. The 1964 Budget Estimates include funds for this special assistance. Since any funds provided under this authorization must be treated separately from the remainder of the appropriation in the distribution to States and is not available for later reapportionment among the States under the regular formula, special language is needed to set aside the part of the appropriation intended for this purpose.

Removal of Surplus Agricultural Commodities

No funds available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c) shall be used for any purpose other than commodity program expenses as authorized therein, and other related operating expenses, except for (1) transfers to the Department of the Interior as authorized by the Fish and Wildlife Act of August 8, 1956, (2) transfers otherwise provided in this Act, (3) not more than \$4,754,000 for formulation and administration of marketing agreements and orders pursuant to the Agricultural Marketing Agreement Act of 1937, as amended, and the Agricultural Act of 1961, and (4) not more than \$51,500,000 for expenses for the Pilot Food Stamp Program.

The language proposed for inclusion in the regular Appropriation Act would specify the amounts to be used under the Section 32 appropriation, except for those related to commodity removal programs. This is proposed as a result of the Congressional directives in reports on the 1963 Agricultural Appropriation Bill. The Senate Appropriations Committee in its report (No. 1908) stated:

"directs that, beginning with the next fiscal year, the Department submit regular budgetary estimates for consideration by the Committees on Appropriations and the approval by Congress of the funds necessary for carrying out programs heretofore financed from section 32, except for the administrative costs directly related to surplus commodity removal programs in line with the original intent of section 32."

The Conference Report on the 1963 Agricultural Appropriation Bill (House Report No. 2381) indicated that:

"The conferees are in general agreement with the intent of the Senate report with reference to the use of section 32 funds, whereby the use of such funds will be justified by project and use each year and made subject to annual approval by the Congress."

The Department interprets the Committees' directive as intending to limit to specific dollar amounts the use of Section 32 funds for Marketing Agreements and Orders and the Food Stamp Program, in addition to transfers which are authorized in specific amounts to the Department of Interior, the Foreign Agricultural Service, and the School Lunch Program.

The report of the Senate Appropriations Committee indicates that the directive did apply to the funds to be used to meet the needs, as they occur, for surplus removal and production payment programs and related operating expenses.

These activities to encourage exportation and increased domestic consumption of agricultural commodities include:

- (a) Commodity program expenses such as -- direct purchases and donation to schools, institutions and needy families; diversion payments for diverting surplus commodities from the normal channels of commerce; export payments to permit exporters to buy surplus commodities at domestic market prices and sell them on the world market at competitive world prices; and production payments to help re-establish farmers' purchasing power.
- (b) Operating expenses, including planning, contracting, procuring, arranging for handling and disposition; paying and accounting for the commodity programs and other related administrative expenses such as for the plentiful foods program which focuses consumer attention on agricultural commodities in abundant supply so as to expand domestic consumption by increasing their utilization by low-income groups; and for the donation and distribution of Section 32 and CCC surplus commodities to eligible outlets.

For other than the above activities, the proposed language would provide specific limitations as follows:

1. Continuation of the transfer to the Department of the Interior. The Fish and Wildlife Act of August 8, 1956 (15 U.S.C. 713-c), authorizes a program of research, market development, and education related to fishery products by the Department of Interior, financed by transfer from Section 32 funds. The dollar amount of this transfer is specifically limited by the enabling legislation to an amount equal to 30% of customs receipts on fishery products for the preceding calendar year.
2. Transfers provided for in the annual Agricultural Appropriation Act. From fiscal year 1940 through 1959, an allocation of Section 32 funds was made, within the Department, to the Foreign Agricultural Service for foreign market promotion and Section 22 import control work. To simplify budgeting and accounting, this has been provided since 1960 by transfer to "Salaries and Expenses, Foreign Agricultural Service." A transfer has also been made from Section 32 funds to "School Lunch Program" in each of the last five years for procurement of commodities under Section 6 of that Act.

A specific amount for each of these transfers is carried under the appropriation item to which the transfer is made.

3. Marketing Agreements and Orders.
The language further provides funds for Federal costs of present and proposed marketing agreements and orders which are put into effect upon request of producers or handlers after hearings and investigations, and approval by producers.

Such agreements and orders help to stabilize prices and benefit producers and consumers by establishing and maintaining orderly marketing conditions. These activities as they relate to milk, fruits and vegetables, and tobacco have been financed from Section 32 funds since fiscal year 1943 pursuant to Section 392-b of the Agricultural Act of 1937, as amended January 31, 1942. It is proposed that these, together with costs for advisory committees, public hearings, referenda and other administrative activities for new marketing agreements and orders on other commodities initiated as a result of Section 141 of the Agricultural Act of 1961, continue to be financed from Section 32 funds. Administration at the local level of each agreement and order program, will continue to be financed by assessments upon handlers.

4. Food Stamp Program.

Pilot projects were started late in fiscal year 1961 in 8 areas of chronic unemployment to test the effectiveness of such a program as a means of increasing food consumption of low income families through normal channels of trade. These pilot programs are being financed with Section 32 funds pursuant to clause 2 of the Section 32 statute.

The Senate Committee in its report on the 1963 Appropriation Bill recommended that:

"* * * beginning with fiscal year 1964, the program costs of the food stamp plan also be justified and appropriated for in the regular manner."

Legislation is being proposed to provide specific enabling authority for a food stamp program on a continuing basis. It is expected that such legislation will be enacted during the current session of the Congress and provide for this program to be financed by a direct appropriation. Since such legislation may not be enacted in sufficient time to permit the Congress to provide an appropriation pursuant thereto prior to July 1, 1963, it is contemplated that this program will continue to be financed from Section 32 funds pending the approval of a separate appropriation.

The financing of the pilot projects will be shifted from Section 32 funds, as soon as a direct appropriation becomes available. The Section 32 funds budgeted for this program in 1964 are less than the proposed limitation since it is assumed that this shift will occur before the middle of the fiscal year.

Due to uncertainty, however, as to when a direct appropriation will in fact be available, a \$51,500,000 limitation is proposed under Section 32 funds to assure that pilot programs which have been offered as of October 31, 1962, to 45 counties and 3 cities, can be in operation through fiscal year 1964.

FOREIGN AGRICULTURAL SERVICE

The 1964 budget estimates include the proposed changes in appropriation language explained below. New language is underscored and deleted matter is enclosed in brackets.

Salaries and Expenses

For necessary expenses for the Foreign Agricultural Service * * * Provided further, That, in addition, not to exceed \$3,117,000 of the funds appropriated by section 32 of the Act of August 24, 1935, as amended (7 U.S.C. 612c), and \$1,417,000 of the funds available for administrative expenses of the Commodity Credit Corporation, shall be merged with this appropriation and shall be available for all expenses of the Foreign Agricultural Service.

The proposed change would provide for the transfer of funds to the Salaries and Expenses appropriation for the barter and stockpiling and general sales manager functions of Foreign Agricultural Service. As has been the case previously, the funds would continue to be transferred from "Administrative expenses, Commodity Credit Corporation Fund". However, the proposed change would merge these funds with the Salaries and Expenses appropriation as is now done with the transfer from Section 32. This would simplify accounting, budgeting, and other administrative operations related to these funds.

Salaries and Expenses (Special Foreign Currency Program)

[SALARIES AND EXPENSES (SPECIAL FOREIGN CURRENCY PROGRAM)]

[For purchase of foreign currencies which accrue under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704), for market development activities authorized by section 104(a) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704 (a)), \$4,000,000, to remain available until expended: Provided, That funds appropriated herein shall be used to purchase such foreign currencies as the Department determines are needed and can be used most effectively to carry out the purposes of this paragraph, and such foreign currencies shall, pursuant to the provisions of section 104(a), be set aside for sale to the Department before foreign currencies which accrue under said title I are made available for other United States uses: Provided further, That this appropriation shall be available, in addition to other appropriations for these purposes, for the purchase of the foregoing currencies.]

The proposed change would delete the language included in the 1963 Appropriation Act which provided \$4,000,000 for the purchase of such foreign currencies as the Department determines are needed to carry out the provisions of Section 104(a) of the Agricultural Trade Development and Assistance Act of 1954, as amended. These funds were originally budgeted for the purchase of currencies in countries which the Treasury Department had determined that the supply of currencies was considered excess to the normal requirements of the United States, and funds made available in the Act remain available until expended. Funds were provided in the regular Salaries and Expenses Appropriation for market development activities overseas in those countries where the supplies of currencies were not considered

excess to the normal requirements of the United States. Since market development promotional activities in the excess currency countries are very limited, the unobligated balance which is estimated will be available at the end of 1963, will be sufficient to carry out planned market development activities in the excess currency countries in 1964. Since no additional funds will be required in the excess currency countries, the language will not be needed in 1964.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The 1964 budget estimates include the proposed changes in appropriation language listed and explained below. New language is underscored and deleted matter is enclosed in brackets.

Expenses, Agricultural Stabilization and Conservation Service

- 1 For necessary administrative expenses of the Agricultural
Stabilization and Conservation Service, including expenses
to formulate and carry out programs authorized by title
III of the Agricultural Adjustment Act of 1938, as amended
- 2 (7 U.S.C. 1301-1393); Sugar Act of 1948, as amended
(7 U.S.C. 1101-1161); sections 7 to 15, 16(a), 16(d),
3 16(e), 16(f), and 17 of the Soil Conservation and Domestic
Allotment Act, as amended (16 U.S.C. 590g-590o, 590p(a),
3 and 590q ;76 Stat. 606-607) as added by section 132 of the
4 Act of August 8, 1961; [and] subtitles B and C of the Soil
Bank Act (7 U.S.C. 1831-1837, 1802-1814, and 1816) [,\$95,423,000]
4 ;and laws pertaining to the Commodity Credit Corporation,
\$114,944,000: Provided, That, in addition, not to exceed
[\$51,379,500] \$97,110,000 may be transferred to and merged
with this appropriation from the Commodity Credit Corporation
5 fund [, and additional amounts not to exceed \$30,000,000,
may be transferred contingent upon the enactment of H.R. 12391,
6 Food and Agriculture Act of 1962] (including not to exceed
\$42,276,000 under the limitation on Commodity Credit Corpora-
7 tion administrative expenses): Provided further, That other
funds made available to Agricultural Stabilization and Conser-
vation Service for authorized activities may be advanced to
and merged with this appropriation.

The first change would include all administrative expenses of the Agricultural Stabilization and Conservation Service in this item. In fiscal year 1963, the Congress provided this appropriation item to consolidate, under one head, certain of the administrative expenses of the Service including Acreage Allotments and Marketing Quotas, Sugar Act Program, Agricultural Conservation Program, Conservation Reserve Program, Special Agricultural Conservation and Adjustment Program, and from Commodity Credit Corporation for price support expenses in State and county offices, wool program expenses in State and county offices, and for expenses of the grain storage structures program.

In keeping with the intention of including all administrative expenses in one item, and to simplify budgetary and accounting requirements and record keeping, as stated in the 1963 Senate Report (No. 1908), it is proposed to include in this appropriation additional administrative expenses including printing, aerial photography, and other expenses heretofore financed from program funds. It would also include all administrative and non-administrative expenses of the Commodity Credit Corporation except those which may be paid directly through CCC facilities (such as legal or special contractual services paid by CCC sight draft.)

The second change would add the words, "as amended" after the reference to the Sugar Act in order to refer to recently enacted legislation (P.L. 87-535) extending the life of the act and making other changes in quotas.

The third change incorporates sections 16(e) and 16(f) of the Soil Conservation and Domestic Allotment Act which was amended by the Food and Agriculture Act of 1962 (76 Stat. 606-607). The amendments provide for a land use adjustment program and authorize the use of CCC services, facilities, and authorities for making payments to producers.

The fourth change would add a reference to laws pertaining to the Commodity Credit Corporation to perfect the list of authorities allowing the use of funds in this account.

The fifth change deletes language included by the Congress in 1963 providing for an additional transfer of Commodity Credit Corporation funds to this account contingent upon the enactment of the Food and Agriculture Act of 1962. As this Act has been passed, there is no further need for this contingency language.

The sixth change would include in the transfer from the Commodity Credit Corporation Fund all amounts appropriated under the limitation on CCC administrative expenses other than amounts transferred to the Foreign Agricultural Service for General Sales Management and Barter and Stockpile activities and other funds under the \$1,000,000 sales expansion limitation. This change is proposed in keeping with the general intent, explained under the first change, of consolidating all administrative expenses of the Agricultural Stabilization and Conservation Service in one appropriation item.

The seventh change would further simplify procedures and reduce paperwork: through elimination of all other fund accounts through which administrative expenses have heretofore been financed. In the case of the Section 388 and 392 management funds, it is believed that statutory authority contained in 7 U.S.C. 1388 and 1392 is sufficient to eliminate these accounts and to conduct similar management fund operations under Expenses, ASCS.

There are numerous other funds, however, to which 7 U.S.C. 1388 and 1392 do not apply. For instance, funds for Washington office expenses in connection with supply and foreign purchases, school lunch, area redevelopment, sale of stockpile cotton, and many other programs are paid from separate accounts at present. It is proposed to eliminate this complexity in financial structure by authorizing funds from other sources to be advanced to this consolidated appropriation for the purpose of conducting management fund operations similar to those which have been conducted under the Section 392 account.

Agricultural Conservation Program

For necessary expenses * * * to remain available until December 31 of the next succeeding fiscal year for compliance with the programs of soil-building and soil-and water-conserving practices authorized under this head in the Department of Agriculture and Related Agencies Appropriation Acts, [1961] 1962 and [1962] 1963, carried out during the period July 1, [1960] 1961, to December 31,

- 1 [1962] 1963, inclusive * * * [Provided further, That no portion of the funds for the 1963 program may be utilized to provide financial or technical assistance for drainage on wetlands now designated as Wetland Types 3 (III), 4 (IV), and 5 (V) in United States Department of the Interior, Fish and Wildlife Service Circular 39, Wetlands of the United States, 1956:] Provided further, That necessary amounts shall be available for administrative expenses in connection with the formulation and administration of the [1963] 1964 program of soil-building and soil- and water-conserving practices, including related wildlife conserving practices, under the Act of February
- 2 29, 1936, as amended (amounting to [\$250,000,000,] \$150,000,000, including administration * * *

The first change would delete language included by the Congress in the 1963 Appropriation Act with respect to the 1963 program. Permanent legislation now provides for adequate control of drainage on wetlands in the critical water-fowl producing area of the country (Minnesota, North Dakota, and South Dakota). Present eligibility specifications and operating procedures insure the same benefits intended to be provided by the language applicable to the 1963 program.

The second change proposes an advance authorization of \$150 million for the 1964 program. This is discussed in the justification for the Agricultural Conservation Program in Volume 2 of these Explanatory Notes.

Land-Use Adjustment Program

For necessary expenses to promote the conservation and economic use of land pursuant to the provisions of section 16(e) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h, 590p), as amended by the Act of September 27, 1962 (76 Stat. 606), \$27,000,000, to remain available until expended.

The proposed language would provide a new appropriation item to carry out the new conservation program authorized in the Food and Agriculture Act of 1962.

The Food and Agriculture Act of 1962 amended the Soil Conservation and Domestic Allotment Act to provide authority for a new conservation program under which the Secretary may enter into long-term agreements not to exceed 10 years with producers. These agreements provide payments and other assistance in return for which producers will change their cropping systems and land uses in order to conserve and develop soil, water, forest, wildlife, and recreation resources. In addition, the Act provides for extension of expiring contracts under the conservation reserve program, but limits assistance to farmers for this purpose to calendar year 1963.

Payments to farmers will be made by sight drafts issued through the facilities of the Commodity Credit Corporation. The above appropriation provides funds for advances to CCC in amounts sufficient to cover sight drafts to be issued during the year.

A further explanation of this program will be found under the justifications for the item, "Land-use adjustment program, Agricultural Stabilization and Conservation Service" in Volume 2 of these Explanatory Notes.

OFFICE OF RURAL AREAS DEVELOPMENT

The 1964 budget estimates propose a new appropriation item as follows:

Salaries and Expenses

For necessary expenses, not otherwise provided for, of the Office of Rural Areas Development in providing leadership, coordination, liaison, and related services in the rural areas development activities of the Department, \$134,000: Provided, That not to exceed \$3,000 shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (5 U.S.C. 574), as amended by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a).

The proposed language would provide a specific appropriation in fiscal year 1964, for expenses in connection with the coordination and direction of the rural areas development program of the Department of Agriculture.

The language would authorize the use of funds for liaison work with other Federal agencies, State, local, private, community, and farm organizations and individuals working for the improvement of the economic position of rural areas. The language would also authorize use of the funds for paying travel and related expenses of the National Rural Areas Advisory Committee consisting of thirty outstanding leaders concerned with rural areas development. This Committee meets periodically as needed to advise with the Secretary and his staff on ways and means for the improvement of economically distressed rural areas of the Nation.

OFFICE OF INFORMATION

The 1964 budget estimates include the proposed change in appropriation language explained below. New language is underscored and deleted matter is enclosed in brackets.

Salaries and Expenses

For necessary expenses of the Office of Information * * * of which total appropriation not to exceed \$537,000 may be used for farmers' bulletins, which shall be adapted to the interests of the poeple of the different sections of the country, an equal proportion of four-fifths of which shall be delivered to or sent out under the addressed franks furnished by the Senators, Representatives, and Delegates in Congress, as they shall direct (7 U.S.C. 417), and not less than two hundred and thirty-[three thousand] two thousand two hundred and fifty copies for the use of the Senate and House of Representatives of part 2 of the annual report of the Secretary (known as the Yearbook of Agriculture) as authorized by section 73 of the Act of January 12, 1895 (44 U.S.C. 241): * * *

This change reduces the number of Congressional copies of the Agriculture Yearbook from 233,050 copies to 232,250 copies to reflect the decrease in membership of two in the House of Representatives. Membership in the House was temporarily increased to 437 under the Authority of P.L. 85-508 to include a new Member from Alaska, and P.L. 86-3 for a new Member representing Hawaii. Under these same laws and the provisions of 37 Stat. 13, House membership reverted to the permanent 435 total for the current Congress.

NATIONAL AGRICULTURAL LIBRARY

The 1964 budget estimates propose a new appropriation item as follows:

Library Facilities

For the preparation of plans, specifications, and drawings for the National Agricultural Library, \$450,000 to remain available until expended.

The proposed new language would provide funds for costs of preparation of plans, specifications, and drawings for new library facilities, as discussed in these justifications under the item "Library facilities".

GENERAL ADMINISTRATION

The 1964 budget estimates include the proposed change in appropriation language explained below. Deleted matter is enclosed in brackets.

Salaries and Expenses

For necessary expenses of the Office of the Secretary of Agriculture and for general administration of the Department of Agriculture, * * * [: Provided further, That not to exceed \$225,000 shall be transferred by the Secretary from other appropriations available to the Department of Agriculture for the expenses of the Office of Internal Audit and Inspection].

This change would eliminate the non-recurring language added in the 1963 Appropriation Act to permit transfers of additional funds to this appropriation. This language provided for the transfer of \$225,000 from other appropriations available to the Department of Agriculture for the expenses of the Office of Internal Audit and Inspection (renamed Office of the Inspector General). The 1964 estimates include this amount in the direct appropriation for General Administration.

RURAL ELECTRIFICATION ADMINISTRATION

The 1964 budget estimates include the proposed change in appropriation language explained below. New language is underscored and deleted matter is enclosed in brackets.

Loan Authorizations

For loans in accordance with said Act,* * * as follows: Rural electrification program, [\$400,000,000] \$425,000,000, of which [\$100,000,000] \$75,000,000 shall be placed in reserve to be borrowed under the same terms and conditions to the extent that such amount is required during the fiscal year [1963] 1964 under the then existing conditions for the expeditious and orderly development of the rural electrification [and rural telephone programs] program; * * *.

The proposed change would eliminate the authority to use the contingency reserve for the telephone program. The estimates for 1964 include the amount estimated to be required during the year for the telephone program. Provision of this contingency reserve for this program is, therefore, not needed. The estimates proposes a contingency reserve of \$75 million for the electrification program.

FARMERS HOME ADMINISTRATION

The 1964 budget estimates include the proposed changes in appropriation language listed and explained below. New language is underscored and deleted matter is enclosed in brackets.

Direct Loan Account

- 1 Direct loans and advances * * * Consolidated Farmers Home Administration Act of 1961 [(75 Stat. 307)] (7 U.S.C. 1921) as amended, may be made from funds available in the Farmers Home Administration direct loan account as follows: real estate loans, [\$50,000,000] \$60,000,000; and
- 2 operating loans, [\$290,000,000 of which \$50,000,000 shall be placed in reserve to be used only to the extent required during the fiscal year 1963 under the then existing conditions for the expeditious and orderly conduct of the loan program] \$300,000,000.

The first change inserts U. S. Code citations in lieu of references to the Statutes at large and refers to new legislation enacted during the second session of the 87th Congress. This change will not affect the nature and scope of the work carried out.

The second change would eliminate the contingency reserve language from the 1963 Appropriation Act. The entire amount requested for 1964 is expected to be required in 1964, making a contingency reserve unnecessary.

Rural Renewal

For necessary expenses, including administrative expenses, in carrying out rural renewal activities under section 32(e) of title III of the Bankhead-Jones Farm Tenant Act, as amended, \$2,350,000.

The proposed language would enable the Farmers Home Administration to carry out land conservation and land utilization development programs in connection with rural renewal activity as authorized by Sec. 102 of title I of the Food and Agriculture Act of 1962. An explanation of this program will be found in the justifications for the item, "Rural renewal, Farmers Home Administration."

Rural Housing for the Elderly Revolving Fund

For loans pursuant to section 515(a) of the Housing Act of 1949, as amended (42 U.S.C. 1484; 76 Stat. 671), including advances pursuant to section 335(a) of the Consolidated Farmers Home Administration Act of 1961 (7 U.S.C. 1985) in connection with security for such loans, \$5,000,000.

The proposed language would provide an appropriation pursuant to the provisions of Sec. 515(a) of the Housing Act of 1949, as added by Sec. 4(b) of the Senior Citizens Housing Act of 1962 relating to the making of direct loans to private nonprofit corporations and consumer cooperatives to provide rental housing and related facilities in rural areas for elderly persons with low or moderate income. An explanation of this program will be found in the justifications for the item, "Rural housing for the elderly revolving fund, Farmers Home Administration".

Salaries and Expenses

For necessary expenses of the Farmers Home Administration, not otherwise provided for, in administering the programs authorized by the Consolidated Farmers Home Administration Act of 1961 [(75 Stat. 307)] (7 U.S.C. 1921) as amended, title V of the Housing Act of 1949, as amended (42 U.S.C. 1471-1484), and the Rural Rehabilitation Corporation Trust Liquidation Act, approved May 3, 1950 (40 U.S.C. 440-444); [\$34,582,000] \$39,367,000, together with not more than \$1,050,000 of the charges collected in connection with the insurance of loans as authorized by section 309(e) of the Consolidated Farmers Home Administration Act of 1961, as amended, and section 514(b) (3) of the Housing Act of 1949, as amended.

The proposed changes insert U. S. Code citations in lieu of references to the Statutes at large and refers to new legislation enacted during the second session of the 87th Congress. These changes will not affect the nature and scope of the work carried out under this item.

COMMODITY CREDIT CORPORATION

The 1964 budget estimates include the proposed changes in appropriation language listed and explained below. New language is underscored and deleted matter is enclosed in brackets.

Reimbursement for Net Realized Losses

To [partially] reimburse the Commodity Credit Corporation for net realized losses sustained during the fiscal year ending June 30, [1961] 1962, pursuant to the Act of August 17, 1961 ([75 Stat. 391), \$2,278,455,000] 15 U.S.C. 713a-11, 713a-12), \$2,799,400,000.

This change provides for full reimbursement of 1962 actual realized losses. No amount is included for reimbursement of the remainder of the losses recorded in 1961.

Reimbursement for Special Milk Program

[REIMBURSEMENT FOR SPECIAL MILK PROGRAM]

[To reimburse the Commodity Credit Corporation for amounts advanced for the fiscal year beginning July 1, 1961, for the special milk program for children pursuant to the Act of July 1, 1958, as amended (7 U.S.C. 1446; 75 Stat. 147-148, 319), \$95,000,000.]

This change deletes the entire item, since full reimbursement has been made to the Corporation for the costs of this program. Funds for the current expenses of this program are included under the Agricultural Marketing Service beginning in the 1963 Appropriation Act.

FOREIGN ASSISTANCE PROGRAMS

The 1964 budget estimates include the proposed changes in appropriation language listed and explained below. New language is underscored and deleted matter is enclosed in brackets.

Public Law 480

For expenses during the fiscal year [1963] 1964, not otherwise recoverable, and unrecovered prior years' costs, * * *

This change updates the appropriation language to make the appropriation available for 1964 program expenses.

International Wheat Agreement

- 1 For expenses during fiscal year [1963] 1964 and unrecovered
- 2 prior years' [cost] costs * * *

The first change updates the appropriation language to make the appropriation available for 1964 program expenses.

The second change makes the word "cost" plural for uniformity with other similar items and for clarity.

Bartered Materials for Supplemental Stockpile

For expenses during fiscal year [1963] 1964 and unrecovered prior years' costs * * *

This change updates the appropriation language to make the appropriation available for 1964 program expenses.

GENERAL PROVISIONS

Section 601: Provides authority for the purchase, replacement, and hire of passenger motor vehicles. The following changes are proposed in this section for 1964 (new language underscored; deleted matter in brackets):

Sec. 601. Within the unit limit of cost fixed by law, appropriations and authorizations made for the Department under this Act shall be available for the purchase, in addition to those specifically provided for, of not to exceed [four hundred and seventy-six] five hundred and twenty-five passenger motor vehicles, of which four hundred and [forty-three] ninety-eight shall be for replacement only, and for the hire of such vehicles.

The estimates propose the acquisition of 525 passenger motor vehicles from funds provided in the Agricultural Appropriation Act. This number is exclusive of 184 for the Forest Service. Of the 525 vehicles proposed for acquisition, 498 would be acquired to replace existing vehicles and 27 would be purchased without exchange of old vehicles.

Of the 27 vehicles to be acquired without exchange of old vehicles, 6 are for the Agricultural Research Service, 10 for the Soil Conservation Service, 6 for the Statistical Reporting Service, and 5 for the Foreign Agricultural Service.

Three of the new vehicles for the Agricultural Research Service will be required in establishing research at the new laboratories in Columbia, Missouri and Fargo, North Dakota; one new vehicle will be needed in connection with additional staffing required to effectively use the new facilities at Ithaca, New York; and the remaining two additional vehicles would be used in connection with beef investigations at Hastings, Nebraska and expanded soil and water research at Pullman, Washington.

The ten additional vehicles for the Soil Conservation Service will be needed in connection with the proposed new program "Resource conservation and development." These vehicles will be used primarily by Project Coordinators and project staff members engaged in carrying out planned resource and conservation development work in coordination with going programs of work in approved project areas.

The six additional vehicles for the Statistical Reporting Service are necessary to meet the transportation demands of the expanded crop and livestock estimates program.

The five new passenger cars for the Foreign Agricultural Service are needed for use by agricultural attaches in certain selected posts, in lieu of truck type vehicles such as jeeps and carryalls which are now in service. These cars will be used for meeting daily requirements, including representational duties, in foreign cities where the number of cars available through the local Embassies is limited and public transportation is either slow or unreliable.

The vehicles proposed to be replaced will all be at least six years old or will have mileage in excess of 60,000 miles at time of disposal, with the exception of a limited number which may become involved in accidents or damaged through operation over very rough terrain. More detailed justifications of the need for acquisition of the 525 motor vehicles appear in the justifications for the applicable agencies.

Section 602: Provides that provisions of law prohibiting or restricting the employment of aliens shall not apply to employment under the appropriation for the Foreign Agricultural Service.

Section 603: Provides that funds available to the Department of Agriculture shall be available for uniforms or allowances therefor as authorized by the Act of September 1, 1954, as amended (5 U.S.C. 2131).

Section 604: Prohibits the Department from issuing any prediction or forecast with respect to future prices or price trends on cotton, except as to damage threatened or caused by insects or pests.

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